

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



DENTON INDEPENDENT SCHOOL DISTRICT
1307 N. LOCUST STREET | DENTON, TEXAS 76201

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

DENTON INDEPENDENT SCHOOL DISTRICT

for the

Fiscal Year Ended June 30, 2018



Prepared by:

Division of Administrative Services

Deborah Monschke

Assistant Superintendent of Administrative Services

1307 N. Locust Street • Denton, Texas 76201



DENTON INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION



DENTON INDEPENDENT SCHOOL DISTRICT
Office of the Assistant Superintendent
Administrative Services
P.O. Box 2387
Denton, Texas 76202

December 19, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the Denton Independent School District ("DISD" or the "District") for the year ended June 30, 2018, 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 a number of 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 located 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, Bartonville, Copper Canyon, Corinth, Cross Roads, Cross Oaks Ranch, Double Oak, Lantana, Little Elm, Oak Point, Paloma Creek, Pecan Creek, Providence, Robson Ranch, Savannah and Shady Shores. According to the U.S. Census Bureau and the City of Denton, Denton County's population increased 3.72 percent from 2016 to 2017 census estimate, which resulted in a population of 836,210 in 2017 compared to 806,180 in 2016. The city of Denton reported a growth rate of 1.84 percent for the same period of time with a population of 136,268 compared to 133,808 in 2016. Denton has a diverse labor pool of both skilled and professional workers. At June 30, 2018, the Texas Workforce Commission reported an available workforce in the City of Denton of 75,862 with an unemployment rate of 3.50%.

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 student population has steadily increased over the past five years at an average growth rate of approximately 2.73 percent annually. The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. Total enrollment for the year ended June 30, 2018 was 29,420 with an average daily attendance rate of 93.62%. Enrollment is projected to be 29,319 for the 2018-2019 school year.

The Denton Independent School District continues to be the district of choice in Denton County. As Charter Schools expand throughout the state, DISD enrollment has continued to rise with little effect from the Charter movement. In 2018 student enrollment grew over 1,000 students. 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 of its facilities and operations. The average age of instructional campuses in the District is twenty-five years. Fourteen of the twenty-three elementary campuses have been built since 2001. Of the fourteen secondary campuses in the District, eight campuses have been built since 2001, and both early childhood campuses were built since 2001. The district opened an administrative support services building in June 2018. To accommodate the district's growing student population, an addition to Guyer High School opened in August 2018 and the twenty fourth elementary campus is under construction. The 2018 total tax rate for the school district is \$1.54/\$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 (DISD) continues to meet the standards of the Texas Accountability System outlined by the Texas Education Agency. In 2017-2018, all DISD campuses met these standards with many campuses receiving several distinctions. This assessment is more rigorous, and the accountability standards have risen with the rigor. In addition, the graduation rate of DISD students per the latest Texas Academic Performance Report is 97.5%.

Under the new assessment system, the district and all of its campuses were rated by the Texas Education Agency for the sixth year. While there is no comparative data for the newly developed assessment, the performance of district students continues to outpace both the state and the region in all grade levels in all content areas.

All of the schools in the Denton ISD are accredited by the Texas Education Agency. In addition, the high schools are accredited through AdvancED. 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 are integrated so students are better prepared for 21st century challenges and careers.

Another strong commitment of the district is its International Baccalaureate Programme (IB), an elite universal educational program. Denton ISD is one of a handful of districts nationwide to offer IB programs at all grade levels. The IB program is offered at two elementary schools, one middle school, and one high school.

The district continues to focus on early childhood education by not only committing physical and financial resources to our youngest learners, but also by partnering with local nonprofits to bring Ready Rosie a

parenting enrichment program to parents, grandparents, and care givers within the community. The district continues its partnership with two local non-profit child care centers, Fred Moore Day Nursery School and Denton City County Day School. Additionally, the district expanded the early childhood education program by providing a certified teacher and aide for instruction to children that qualified for services at a local private childcare facility. The funding was provided by a state pre-K partnership planning grant.

The district is also committed to engaging the community with district students through a community partnership known as Mentor Denton. The purpose of the program is to provide mentors to work one-on-one with students at each Denton ISD campus. The program has grown to over 2,000 mentor volunteers, offers a human library designed for one time engagements and provides internship opportunities for high school students who are considered most “at-risk” of not completing high school.

DISTRICT ACCOMPLISHMENTS

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

- A Ryan High school junior was named a state champion at the UIL State Academic Contest in Prose Interpretation.
- Three students from the LaGrone Advanced Technology Complex qualified for national competition after garnering top three finishes at the state level in several categories at the Texas Association of Future Educators (TAFE) state-wide conference. The organization is sponsored by the Texas Association of Secondary School Principals and seeks to provide the best and brightest high school and middle school student with the necessary knowledge to make informed decisions about pursuing careers in education.
- Braswell High School was named a Texas Thespian All Star Troup by the Texas State Thespian Convention. Additionally, Braswell High School and Denton High School qualified five students and seven students respectively for the national convention after their performances at the state convention.
- A Navo Middle School eighth grader competed in the National History Bee and placed among the top eighth graders in the country. The competition is based on a student’s scores on exams and live “buzzer” competitions to promote mastery of a subject.
- The Ryan High School Health Occupation Students of America (HOSA) Parliamentary Procedure Team won first place for the twelfth time in thirteen years at the State Leadership Conference for HOSA and advanced to competition at the International Leadership Conference. The mission of HOSA is to empower future health professionals to become leaders in the global health community through education, collaboration and experience.
- A Braswell High School student was named state champion in Headline Writing at the UIL state academic competition.
- The Guyer High School Girls Water Polo team was named state champion.
- Two elementary students from Ginnings and Stephens elementary schools had their artwork displayed at the State Capitol and Bob Bullock Texas State History Museum in Austin, Texas as part of the Texas Art Education Association’s Youth Art Month Capitol Celebration.

- Five choir students from Blanton elementary and Houston elementary were selected to perform with the national children's choir at the Organization of American Kodaly Educators (OAKE) national convention. The purpose of OAKE is to promote the concept of "Music for Everyone" through the improvement of music education in schools.
- The Denton High School Jazz Program, the Guyer High School Orchestra, and the McMath Middle School Tiger Band each earned recognition in the prestigious Mark of Excellence competition by The Foundation for Music Education. The Mark of Excellence is a national competition in which the top quarter of recorded entries are chosen as winners. The Denton High lab Band 1 was named a national winner in the jazz honors competition, the Guyer High Rhapsody Orchestra was named a national winner in the orchestra honors section, and the McMath Tiger Band was a named a national commended winner. This marks the fourth time in the past seven years that Denton ISD has placed at least one music program in the Mark of Excellence competition.

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

- Three Denton ISD campuses earned the prestigious CREST Award which recognizes the top counseling staffs 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 is the eighth consecutive year that a Denton ISD campus was recognized.
- An elementary librarian was named the recipient of the 2018 Siddie Joe Johnson Award from the Texas Library Association. The Siddie Joe Johnson Award is bestowed upon a public or school librarian in recognition of outstanding achievement in children's library service. Nominees are evaluated on the basis of outstanding or innovative programs, a sustained high level of performance, leadership ability, involvement in professional organizations, community involvement, and cooperation with parents and other libraries, especially outside their own system.
- A middle school Texas History teacher and a high school World Geography teacher were recognized as two of the top teachers in the state by the Texas Council for the Social Studies. The middle school teacher was awarded the 2017 Outstanding NOVA Award which annually recognizes the best first-year social studies teacher in the state and the high school teacher was selected as the 2017 Outstanding High School Teacher Award which annually recognizes the best high school social studies teacher in the state.

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 2017-2018 the maintenance and operations tax rate was \$1.06. The debt service tax rate was \$0.48 for a total rate of \$1.54. The District's certified property values increased 10.06% for 2016-2017 and 13.82% for 2017-2018. The certified property values for 2018-2019 increased by \$1,598,078,097 or 11.01%.

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, 2018, 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 and Seay P.C. 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 comprehensive annual financial report (CAFR) for the year ending June 30, 2017. 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.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR 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-two 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 (CEO) to governmental entities whose comprehensive annual 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 comprehensive annual financial report for thirty-three 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 comprehensive annual 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



Debbie Monschke
Assistant Superintendent of Administrative Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Denton Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**Denton Independent School District
Texas**

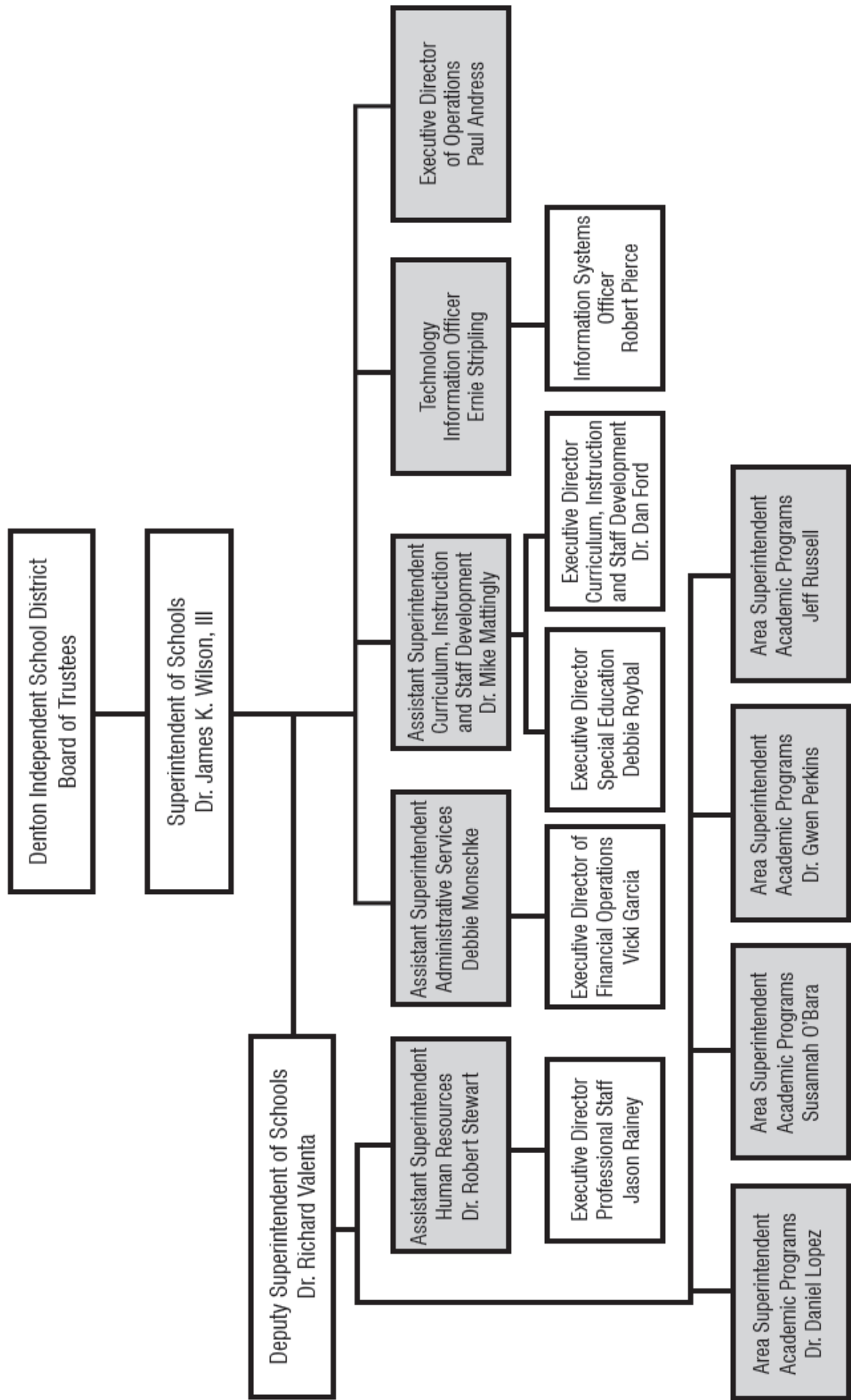
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

Denton Independent School District's Organizational Chart



DENTON INDEPENDENT SCHOOL DISTRICT

ELECTED OFFICIALS

BOARD OF TRUSTEES

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
Ms. Mia Price, President	May, 2019	Financial Manager
Mr. Charles Stafford, Vice President	May, 2019	Real Estate Professional
Ms. Barbara Burns, Secretary	May, 2021	Retired Educator
Dr. Jim Alexander, Member	May, 2020	College Professor
Mr. Doug Chadwick, Member	May, 2019	Retired Foundation Director
Ms. Dorothy Martinez, Member	May, 2020	Retired Educator
Dr. Jeanetta Smith, Member	May, 2021	Retired Educator

DENTON INDEPENDENT SCHOOL DISTRICT

APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Years in District</u>
Dr. Jamie Wilson	Superintendent	12 years
Dr. Richard Valenta	Deputy Superintendent	5 years
Dr. Mike Mattingly	Assistant Superintendent Curriculum, Instruction and Staff Development	10 years
Ms. Debbie Monschke	Assistant Superintendent Administrative Services	22 years
Dr. Robert Stewart	Assistant Superintendent Human Resources	10 years
Mr. Ernie Stripling	Chief Technology Officer	17 years
Mr. Paul Andress	Executive Director of Operations	22 years
Dr. Dan Ford	Executive Director Curriculum, Instruction and Staff Development	6 years
Ms. Vicki Garcia	Executive Director of Financial Operations	6 months
Mr. Robert Pierce	Information Systems Officer	3 years
Mr. Jason Rainey	Executive Director Professional Staff	8 years
Ms. Debbie Roybal	Executive Director Special Education	7 years
Dr. Daniel Lopez	Area Superintendent Academic Programs	2 years
Ms. Susannah O'Bara	Area Superintendent Academic Programs	25 years
Dr. Gwen Perkins	Area Superintendent Academic Programs	11 years
Mr. Jeff Russell	Area Superintendent Academic Programs	3 months

DENTON INDEPENDENT SCHOOL DISTRICT

Consultants and Advisors

ARCHITECTS

VLK Architects

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

Stantec Architecture, Inc.

5717 Legacy Drive, Suite 250
Plano, Texas 75024

Corgan Associates, Inc.

401 North Houston Street
Dallas, Texas 75202

AUDIT FIRM

Hankins, Eastup, Deaton, Tonn & Seay P.C.

A Professional Corporation
902 N. Locust Street
Denton, Texas 76201

BOND ATTORNEYS

McCall, Parkhurst & Horton L.L.P.

717 North Harwood Suite 900
Dallas, Texas 75201-6587

FISCAL AGENT

BOK Financial Securities, Inc.

333 W Campbell Road, Suite 350
Richardson, Texas 75080

OFFICIAL DEPOSITORY

BBVA Compass

729 Fort Worth Drive
Denton, Texas 76201

TAX COLLECTION ATTORNEY

Sawko & Burroughs, P.C.

1172 Bent Oaks Drive
Denton, Texas 76210

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FINANCIAL SECTION

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denton Independent School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denton Independent School District as of June 30, 2018, and the respective changes in financial position and cash flows and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 11 and 28 to the financial statements, in the current fiscal year, the District adopted new accounting guidance prescribed by GASB Statement No. 75 for its other post-employment benefit (OPEB) plan – a multiple-employer, cost-sharing, defined benefit OPEB plan that has a special funding situation. Because GASB Statement No. 75 implements new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. Exhibit A-1 discloses the District's Net OPEB Liability and deferred resource outflows and deferred resource inflows related to the District's OPEB plan. Exhibit B-1 discloses the adjustment to the District's Beginning Net Positions. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 17 through 25 and the Teacher Retirement System schedules on pages 84 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denton Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of Denton Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

November 13, 2018

**DENTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(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, 2018. 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 27.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of Denton Independent School District exceeded its assets and deferred outflows at the close of the most recent fiscal year resulting in a negative net position of \$74,073,701.
- The District's total net position increased by \$48,502,526 during the current fiscal year from the result of current year operations. However, total net position decreased by \$159,534,466 due to new standards that required recording of the District's proportionate share of the Teacher Retirement System's net OPEB liability.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$253,863,270. Over 27% of this total amount (\$70,243,747) 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 \$70,243,747 was 27.16% 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 27 through 29). 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 30) 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 43) 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 27. 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 the child nutrition program and 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 30 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 thirty-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 twenty-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 27 through 34 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 that can be found on page 41. 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.

Governmental Activities

Net Position. The net position of the District's governmental activities at June 30, 2018 was a \$74,073,701 deficit. 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 a deficit of \$10,138,170 at June 30, 2018. 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 (\$64,299,309) 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 \$321,487,968. A significant portion, approximately 77.1 percent, of the revenue comes from property taxes. Another 21.5 percent comes from state aid - formula grants while only 2.8 percent relates to charges for services. This reflects a \$16.2 million decrease in revenues from 2016-2017, primarily from the recording of negative on-behalf revenue for the portion of the reduction in the OPEB liability that is the responsibility of the State. The total revenues were used to fund the cost of all programs and services in the amount of \$272,985,242, and to pay down the District's debt. This reflects a \$91.4 million decrease in expenses from 2016-2017, or approximately 25.1%, primarily from the recording of negative on-behalf expense related to the OPEB liability.

Governmental Activities. The District's total net position of its governmental activities increased \$48,502,526 from the results of current year operations. However, total net position decreased by \$159,534,466 due to new standards that required recording of the District's proportionate share of the Teacher Retirement System's net OPEB liability. The total cost of all government activities for the fiscal year ended June 30, 2018 was \$272,985,242. 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 a negative \$2,058,206 (grant revenues, tuition and facility leasing, for example, offset by the negative OPEB on-behalf revenue). The remaining cost of governmental activities not directly funded by program revenues was \$275,043,648, which were primarily funded by property taxes in the amount of \$247,798,518 and state revenue plus grants and contributions of \$69,183,586.

Business-type Activities

Net Position. The net position of the District's business-type activities at June 30, 2018 were a \$4,691,388 deficit. Investment in capital assets (e.g. furniture, vehicles and equipment) was \$555,080 at June 30, 2018.

Changes in Net Position. The District's total revenues of its business-type activities were \$11,811,082. The revenues come from two primary sources - approximately 63.5 percent from federal reimbursements for the school breakfast and lunch program, and approximately 36.5 percent from charges for services. The total revenues were used to fund program costs that totaled \$9,877,686.

Business-type Activities. The District's total net position of its business-type activities increased \$1,933,396 from the results of current year operations. However, total net position decreased by \$8,093,056 due to new standards that required recording of the District's proportionate share of the Teacher Retirement System's net OPEB liability. The total cost of all business-type activities for the fiscal year ended June 30, 2018 was \$9,877,686. Funding for these business-type activities is primarily by specific program revenue. Program revenues directly attributable to the two activities funded virtually of the costs. These program revenues amounted to \$11,797,963. The volume of activity in the District's business-type activities during the year was comparable to the prior year.

Table I
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 358,747,242	\$ 302,003,894	\$ 3,389,832	\$ 3,699,431	\$ 362,137,074	\$ 305,703,325
Capital assets	722,558,557	750,477,125	653,907	555,080	723,212,464	751,032,205
Total assets	1,081,305,799	1,052,481,019	4,043,739	4,254,511	1,085,349,538	1,056,735,530
Deferred outflows of resources	97,507,498	92,216,705	1,548,199	1,516,239	99,055,697	93,732,944
Total assets and deferred outflows of resources	1,178,813,297	1,144,697,724	5,591,938	5,770,750	1,184,405,235	1,150,468,474
Long-term liabilities	1,075,987,588	1,110,327,878	3,035,337	7,364,108	1,079,022,925	1,117,691,986
Other liabilities	55,729,051	53,777,022	585,420	324,840	56,314,471	54,101,862
Total liabilities	1,131,716,639	1,164,104,900	3,620,757	7,688,948	1,135,337,396	1,171,793,848
Deferred inflows of resources	10,138,419	54,666,525	502,909	2,773,190	10,641,328	57,439,715
Total liabilities and deferred inflows of resources	1,141,855,058	1,218,771,425	4,123,666	10,462,138	1,145,978,724	1,229,233,563
Net Position:						
Net investments in capital assets	(16,839,370)	(10,138,170)	653,907	555,080	(16,185,463)	(9,583,090)
Restricted	63,937,456	64,285,079	-	-	63,937,456	64,285,079
Unrestricted	(10,139,847)	(128,220,610)	814,365	(5,246,468)	(9,325,482)	(133,467,078)
Total Net Position	\$ 36,958,239	\$ (74,073,701)	\$ 1,468,272	\$ (4,691,388)	\$ 38,426,511	\$ (78,765,089)

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 3,990,947	\$ 8,918,631	\$ 3,785,007	\$ 4,293,495	\$ 7,775,954	\$ 13,212,126
Operating grants and contributions	40,446,361	(10,976,837)	6,985,196	7,504,468	47,431,557	(3,472,369)
General Revenues:						
Maintenance and operations taxes	149,513,725	170,646,472	-	-	149,513,725	170,646,472
Debt service taxes	71,769,075	77,152,046	-	-	71,769,075	77,152,046
State aid - formula grants	68,177,794	69,183,586	-	-	68,177,794	69,183,586
Grants and contributions	1,685,243	2,375,127	-	-	1,685,243	2,375,127
Interest earnings	1,948,489	3,939,413	5,588	13,119	1,954,077	3,952,532
Miscellaneous	219,225	249,530	-	-	219,225	249,530
Total Revenue	<u>337,750,859</u>	<u>321,487,968</u>	<u>10,775,791</u>	<u>11,811,082</u>	<u>348,526,650</u>	<u>333,299,050</u>
Expenses:						
Instruction, curriculum and media services	190,046,959	154,138,426	-	-	190,046,959	154,138,426
Instructional and school leadership	18,527,501	15,304,670	-	-	18,527,501	15,304,670
Student support services	24,236,170	17,312,852	-	-	24,236,170	17,312,852
Food services	242,248	254,236	10,832,909	9,724,186	11,075,157	9,978,422
Cocurricular activities	7,851,159	6,127,163	77,914	153,500	7,929,073	6,280,663
General administration	7,820,126	7,313,243	-	-	7,820,126	7,313,243
Plant maintenance, security and data processing	38,540,000	35,902,186	-	-	38,540,000	35,902,186
Community services	2,328,665	2,122,048	-	-	2,328,665	2,122,048
Debt services	73,046,623	32,632,325	-	-	73,046,623	32,632,325
Intergovernmental charges	1,748,491	1,878,293	-	-	1,748,491	1,878,293
Total Expenses	<u>364,387,942</u>	<u>272,985,442</u>	<u>10,910,823</u>	<u>9,877,686</u>	<u>375,298,765</u>	<u>282,863,128</u>
Increase (Decrease) in Net Position before transfers and special items	(26,637,083)	48,502,526	(135,032)	1,933,396	(26,772,115)	50,435,922
Transfers in (out)	(13,318)	-	13,318	-	-	-
Increase (Decrease) in Net Position	(26,650,401)	48,502,526	(121,714)	1,933,396	(26,772,115)	50,435,922
Net Position - beginning of year	63,608,640	36,958,239	1,589,986	1,468,272	65,198,626	38,426,511
Prior period adjustment	-	(159,534,466)	-	(8,093,056)	-	(167,627,522)
Net Position - end of year	<u>\$ 36,958,239</u>	<u>\$ (74,073,701)</u>	<u>\$ 1,468,272</u>	<u>\$ (4,691,388)</u>	<u>\$ 38,426,511</u>	<u>\$ (78,765,089)</u>

Implementation of GASB 75 was effective at the beginning of the 2018 fiscal year. Changes for revenues and expenses in the prior fiscal year relating to the implementation have not been calculated and are not available for comparison.

The dramatic change in operating grants and contributions activity from year to year of \$50,903,926 is reflective of a negative adjustment brought about by the implementation of the new OPEB standards promulgated by the Government Accounting Standards Board (GASB) and significant changes in the benefits provided by the TRS retiree healthcare plan (TRS-Care). The reduction in plan benefits resulted in a sizeable decrease in the District's Net OPEB Liability and a resulting negative OPEB expense in accordance with newly implemented accounting standards. Under these standards, the District is required to report what is essentially both negative on-behalf expenses and negative on-behalf revenues for the portion of the reduction in the OPEB liability that is the responsibility of the State, or \$49,114,708.

- The Board of Trustees increased the maintenance and operation property tax rate from \$1.04 to \$1.06 for the fiscal year 2017-2018 as a result of voters approving a tax ratification election. The debt service rate was decreased to \$0.48. The total tax rate necessary to fund the 2017-2018 budget remained at \$1.54.
- The District continues to experience an increase in property values over the prior year. The actual increase in certified and under review values for 2017 was \$1,762,711,922 or 13.82%.
- The District has worked with Texas Association of School Boards (TASB) over the past few years to examine pay equity for employees and to determine if pay practices were internally fair and externally competitive. Several adjustments were implemented each year since the 2013-2014 school year. The 2017-2018 Salary Compensation Plan included \$5,938,677 in pay increases and adjustments. Also included in the 2017-2018 budget were salaries for Rodriguez Middle School in the amount of \$3,872,500.

The cost of all governmental activities for the current fiscal period was \$272,985,442. However, as shown in the Statement of Activities on pages 28 and 29, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$247,798,518 because some of the costs were paid by those who directly benefited from the programs (\$8,918,631) or by State equalization funding (\$69,183,586).

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 \$253,863,270 a decrease of \$55,534,201 from the prior year. Approximately 38 percent of this total amount (\$96,549,606) 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 (\$62,887,911), or for capital projects (\$94,024,912), or already spent on prepaid items (\$252,573), inventories (\$147,268) 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 \$70,243,747, while the total fund balance was \$91,425,945. 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 27.16 percent of the total general fund expenditures, while the total fund balance represents 35.35 percent of that same amount.

The fund balance of the District's general fund increased by \$7,390,269 during the current fiscal year, compared to a \$2,295,373 increase in the previous year. Key factors related to this change are as follows:

- A \$21,276,368 increase in property tax revenues combined with a \$992,700 decrease in state per capita and foundation revenue contributed to a \$24,168,652 overall increase in total revenues. Expenditures increased \$17,721,074 or 7.35% with increases in most functional categories.
- \$349,241 of general fund monies were transferred to the capital projects fund to set aside for future capital replacement needs, compared to \$825,218 transferred in the previous year.

The debt service fund has a total fund balance of \$62,894,210, 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 \$242,585, compared to a \$4,991,004 decrease in the previous year. Tax revenues were \$5,480,654 higher than the previous year and debt service expenditures were \$8,676,160 lower. However, the District financed a \$17,700,000 bond defeasement out of fund balance reserves.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund decreased by \$63,281,945 due primarily to \$64,765,159 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, 2017). 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 \$91,425,945 reported on page 34 differs from the General Fund's budgetary fund balance of \$79,132,265 reported in the budgetary comparison schedule on page 83. For the year ended June 30, 2018, actual general fund expenditures on a budgetary basis were \$258,603,498, above the original budget expenditures of \$256,409,296. The actual expenditures were below the revised final budget of \$267,738,973. The majority of the actual variance of \$9,135,475 consists of savings achieved in payroll costs in the instructional area and savings achieved in utilities costs in the facilities maintenance and operations area. Actual revenue on a budgetary basis was \$266,325,760 compared to the original budget of \$256,409,296 and a revised budget of \$263,167,555. The actual variance of \$3,158,205 was due primarily to higher than expected tax revenue and State revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had \$750,477,125 (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 \$27,918,548, or 3.86 percent, above last year.

This fiscal year's major additions included:

Continuing construction costs on a new support services building, paid for with proceeds of general obligation bonds issued in a prior year.	\$10,333,512
Continuing construction costs on a new middle school, paid for with proceeds of general obligation bonds issued in a prior year.	3,568,719
Continuing construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds	18,678,992
Totaling	<u>\$32,581,223</u>

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 \$843,156,552 in bonds outstanding (including accreted interest on bonds) versus \$885,993,259 last year—a decrease of 4.84 percent. No new debt was incurred during the 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.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$1,596,606,798, which is significantly in excess of the District's outstanding general obligation debt.

Other obligations include accrued vacation benefits and special termination benefits. 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 of the Denton Independent School District adopted a total tax rate of \$1.54 per \$100 of assessed value for 2018-2019. The M & O tax rate will remain at \$1.06 and the debt service tax rate will remain at \$0.48 for a total rate of \$1.54. The District's certified values increased \$1,598,078,097 or 11.01% for 2018.

State funding for 2018-2019 is projected to be \$64,839,023 or 24.57% of the total budget compared to \$80,308,247 or 31.32% for 2017-2018.

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 2018-2019 budget includes \$4,500,000 for the Salary Compensation Plan.

The main focus for the 2018-2019 budget was the projected increase in student enrollment of 2.31% while maintaining current programs. Denton ISD will receive approximately \$15,469,224 less in state funding for 2018-2019 than in the prior year's adopted budget. Property tax collections are expected to increase by \$20,231,478.

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, 2018

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 270,647,382	\$ 3,544,235	\$ 274,191,617
Property Taxes Receivable (Delinquent)	4,049,894	-	4,049,894
Allowance for Uncollectible Taxes	(196,756)	-	(196,756)
Due from Other Governments	26,920,787	6,469	26,927,256
Internal Balances	(14,067)	14,067	-
Other Receivables, net	136,987	3,651	140,638
Inventories	158,067	131,009	289,076
Prepayments	287,370	-	287,370
Capital Assets:			
Land	67,205,006	-	67,205,006
Buildings, Net	642,571,015	-	642,571,015
Furniture and Equipment, Net	10,284,988	555,080	10,840,068
Construction in Progress	30,416,116	-	30,416,116
Other Assets	14,230	-	14,230
Total Assets	1,052,481,019	4,254,511	1,056,735,530
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	62,327,828	-	62,327,828
Deferred Resource Outflow Related to TRS Pension	28,563,745	1,449,016	30,012,761
Deferred Resource Outflow Related to TRS OPEB	1,325,132	67,223	1,392,355
Total Deferred Outflows of Resources	92,216,705	1,516,239	93,732,944
LIABILITIES			
Accounts Payable	10,561,003	47,532	10,608,535
Payroll Deductions & Withholdings	2,187,778	-	2,187,778
Accrued Wages Payable	26,505,188	56,121	26,561,309
Due to Other Governments	496	-	496
Accrued Expenses	13,956,809	-	13,956,809
Unearned Revenue	565,748	221,187	786,935
Noncurrent Liabilities:			
Due Within One Year	36,598,424	-	36,598,424
Due in More Than One Year	928,564,394	-	928,564,394
Net Pension Liability (District's Share)	54,287,425	2,753,958	57,041,383
Net OPEB Liability (District's Share)	90,877,635	4,610,150	95,487,785
Total Liabilities	1,164,104,900	7,688,948	1,171,793,848
DEFERRED INFLOWS OF RESOURCES			
Deferred Resource Inflow Related to TRS OPEB	38,014,286	1,928,435	39,942,721
Deferred Resource Inflow Related to TRS Pension	16,652,239	844,755	17,496,994
Total Deferred Inflows of Resources	54,666,525	2,773,190	57,439,715
NET POSITION			
Net Investment in Capital Assets	(10,138,170)	555,080	(9,583,090)
Restricted:			
Restricted for Debt Service	62,887,911	-	62,887,911
Restricted for Campus Activities	1,397,168	-	1,397,168
Restricted (nonexpendable) for Corpus	1,000	-	1,000
Restricted (expendable) for Playground Equipment	13,230	-	13,230
Unrestricted	(128,234,840)	(5,246,468)	(133,481,308)
Total Net Position	\$ (74,073,701)	\$ (4,691,388)	\$ (78,765,089)

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, 2018

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Instruction	\$ 145,390,038	\$ 507,976	\$ (12,788,965)
Instructional Resources and Media Services	4,119,719	-	(299,986)
Curriculum and Staff Development	4,628,669	-	1,013,048
Instructional Leadership	2,989,248	-	(153,381)
School Leadership	12,315,422	-	(1,976,806)
Guidance, Counseling and Evaluation Services	10,930,736	-	1,005,033
Social Work Services	513,851	-	5,363
Health Services	1,864,404	4,721,227	(383,373)
Student (Pupil) Transportation	4,003,861	-	1,225,332
Food Services	254,236	-	53,919
Extracurricular Activities	6,127,163	530,952	(135,947)
General Administration	7,313,243	-	233,430
Facilities Maintenance and Operations	29,065,155	438,740	(143,369)
Security and Monitoring Services	1,031,602	-	306
Data Processing Services	5,805,429	-	(170,329)
Community Services	2,122,048	2,719,736	(51,502)
Debt Service - Interest on Long Term Debt	28,241,492	-	1,590,390
Debt Service - Bond Issuance Cost and Fees	4,390,833	-	-
Payments related to Shared Services Arrangements	474,000	-	-
Other Intergovernmental Charges	1,404,293	-	-
Total Governmental Activities:	272,985,442	8,918,631	(10,976,837)
BUSINESS-TYPE ACTIVITIES:			
Enterprise Fund - National School Breakfast&Lunch	9,724,186	4,164,315	7,504,468
Stadium Concessions	153,500	129,180	-
Total Business-Type Activities:	9,877,686	4,293,495	7,504,468
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 282,863,128	\$ 13,212,126	\$ (3,472,369)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

State Aid - Formula Grants

Grants and Contributions not Restricted

Investment Earnings

Miscellaneous Local and Intermediate Revenue

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment "Required by GASB 75"

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
\$ (157,671,027)	\$ -	\$ (157,671,027)
(4,419,705)	-	(4,419,705)
(3,615,621)	-	(3,615,621)
(3,142,629)	-	(3,142,629)
(14,292,228)	-	(14,292,228)
(9,925,703)	-	(9,925,703)
(508,488)	-	(508,488)
2,473,450	-	2,473,450
(2,778,529)	-	(2,778,529)
(200,317)	-	(200,317)
(5,732,158)	-	(5,732,158)
(7,079,813)	-	(7,079,813)
(28,769,784)	-	(28,769,784)
(1,031,296)	-	(1,031,296)
(5,975,758)	-	(5,975,758)
546,186	-	546,186
(26,651,102)	-	(26,651,102)
(4,390,833)	-	(4,390,833)
(474,000)	-	(474,000)
(1,404,293)	-	(1,404,293)
(275,043,648)	-	(275,043,648)
-	1,944,597	1,944,597
-	(24,320)	(24,320)
-	1,920,277	1,920,277
(275,043,648)	1,920,277	(273,123,371)
170,646,472	-	170,646,472
77,152,046	-	77,152,046
69,183,586	-	69,183,586
2,375,127	-	2,375,127
3,939,413	13,119	3,952,532
249,530	-	249,530
323,546,174	13,119	323,559,293
48,502,526	1,933,396	50,435,922
36,958,239	1,468,272	38,426,511
(159,534,466)	(8,093,056)	(167,627,522)
\$ (74,073,701)	\$ (4,691,388)	\$ (78,765,089)

DENTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Debt Service Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 96,183,558	\$ 62,631,838	\$ 104,260,943
Property Taxes - Delinquent	2,778,915	1,270,979	-
Allowance for Uncollectible Taxes (Credit)	(132,874)	(63,882)	-
Receivables from Other Governments	23,471,299	-	-
Due from Other Funds	1,779,660	-	-
Other Receivables	127,303	-	1,156
Inventories	147,268	-	-
Prepayments	206,081	6,299	7,055
Other Assets	-	-	-
Total Assets	<u>\$ 124,561,210</u>	<u>\$ 63,845,234</u>	<u>\$ 104,269,154</u>
LIABILITIES			
Accounts Payable	\$ 3,904,308	\$ 53,945	\$ 6,170,575
Payroll Deductions and Withholdings Payable	2,187,778	-	-
Accrued Wages Payable	25,052,507	-	-
Due to Other Funds	18,399	-	-
Due to Other Governments	-	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>31,162,992</u>	<u>53,945</u>	<u>6,170,575</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,972,273	897,079	-
Total Deferred Inflows of Resources	<u>1,972,273</u>	<u>897,079</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Inventories	147,268	-	-
Endowment Principal	-	-	-
Prepaid Items	206,081	6,299	7,055
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	-	-	94,024,912
Retirement of Long-Term Debt	-	62,887,911	-
Committed Fund Balance:			
Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	20,828,849	-	4,066,612
Unassigned Fund Balance	70,243,747	-	-
Total Fund Balances	<u>91,425,945</u>	<u>62,894,210</u>	<u>98,098,579</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 124,561,210</u>	<u>\$ 63,845,234</u>	<u>\$ 104,269,154</u>

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

Other Funds	Total Governmental Funds
\$ 2,125,857	\$ 265,202,196
-	4,049,894
-	(196,756)
3,449,488	26,920,787
4,211	1,783,871
700	129,159
4,370	151,638
65,538	284,973
14,230	14,230
<u>\$ 5,664,394</u>	<u>\$ 298,339,992</u>
\$ 423,560	\$ 10,552,388
-	2,187,778
1,450,515	26,503,022
1,779,539	1,797,938
496	496
565,748	565,748
<u>4,219,858</u>	<u>41,607,370</u>
-	2,869,352
-	2,869,352
-	147,268
1,000	1,000
33,138	252,573
-	94,024,912
-	62,887,911
1,397,168	1,397,168
13,230	24,908,691
-	70,243,747
<u>1,444,536</u>	<u>253,863,270</u>
<u>\$ 5,664,394</u>	<u>\$ 298,339,992</u>

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DENTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balances - Governmental Funds	\$ 253,863,270
Assets and liabilities of the internal service funds are not included in the fund financial statements.	4,360,270
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	1,080,682,310
Accumulated depreciation is not reported in the fund financial statements.	(330,205,185)
Bonds payable are not reported in the fund financial statements.	(799,994,104)
Bond premiums and discounts are not recognized in the fund financial statements.	(121,047,598)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(12,866,020)
Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	2,869,352
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 \$54,287,425, a Deferred Resource Inflow related to TRS in the amount of \$16,652,239, and a Deferred Resource Outflow related to TRS in the amount of \$28,563,745. This amounted to a decrease in Net Position in the amount of \$42,375,919.	(42,375,919)
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 \$90,877,635, a Deferred Resource Inflow related to TRS OPEB in the amount of \$38,014,286, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$1,325,132. This amounted to a decrease in Net Position in the amount of \$127,566,789.	(127,566,789)
Accrued vacation benefits and special termination benefits have not been recorded in the fund financial statements.	(958,668)
Deferred charge on bond refundings is not recognized in the fund financial statements.	62,327,828
Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(43,162,448)
Net Position of Governmental Activities	<u><u>\$ (74,073,701)</u></u>

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 BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Total Local and Intermediate Sources	\$ 177,895,545	\$ 77,871,457	\$ 1,774,906
State Program Revenues	81,829,362	1,230,476	-
Federal Program Revenues	6,600,853	-	-
Total Revenues	266,325,760	79,101,933	1,774,906
EXPENDITURES:			
Current:			
Instruction	161,571,851	-	10,819
Instructional Resources and Media Services	4,343,336	-	-
Curriculum and Instructional Staff Development	4,341,920	-	-
Instructional Leadership	3,274,590	-	-
School Leadership	14,507,240	-	-
Guidance, Counseling and Evaluation Services	10,155,787	-	-
Social Work Services	527,553	-	-
Health Services	2,574,448	-	-
Student (Pupil) Transportation	6,623,445	-	-
Food Services	200,317	-	-
Extracurricular Activities	6,749,806	-	-
General Administration	7,354,133	-	-
Facilities Maintenance and Operations	24,720,212	-	-
Security and Monitoring Services	1,031,296	-	-
Data Processing Services	5,186,937	-	630,114
Community Services	2,160,592	-	-
Debt Service:			
Principal on Long Term Debt	-	39,470,645	-
Interest on Long Term Debt	-	38,966,559	-
Bond Issuance Cost and Fees	-	422,144	-
Capital Outlay:			
Facilities Acquisition and Construction	1,401,742	-	64,765,159
Intergovernmental:			
Payments to Fiscal Agent/Member Districts of SSA	474,000	-	-
Other Intergovernmental Charges	1,404,293	-	-
Total Expenditures	258,603,498	78,859,348	65,406,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,722,262	242,585	(63,631,186)
OTHER FINANCING SOURCES (USES):			
Sale of Capital Assets	18,450	-	-
Transfers In	1,921	-	349,241
Transfers Out (Use)	(349,241)	-	-
Total Other Financing Sources (Uses)	(328,870)	-	349,241
EXTRAORDINARY ITEMS:			
Extraordinary Item - (Use)	(3,123)	-	-
Net Change in Fund Balances	7,390,269	242,585	(63,281,945)
Fund Balance - July 1 (Beginning)	84,035,676	62,651,625	161,380,524
Fund Balance - June 30 (Ending)	\$ 91,425,945	\$ 62,894,210	\$ 98,098,579

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

		Total	
Other		Governmental	
Funds		Funds	
\$	3,487,509	\$	261,029,417
	3,160,197		86,220,035
	13,858,371		20,459,224
	20,506,077		367,708,676
	13,185,488		174,768,158
	159,229		4,502,565
	2,359,819		6,701,739
	384,895		3,659,485
	167,523		14,674,763
	2,964,250		13,120,037
	102,089		629,642
	4,214		2,578,662
	101,954		6,725,399
	53,919		254,236
	622,005		7,371,811
	11,761		7,365,894
	52,966		24,773,178
	306		1,031,602
	-		5,817,051
	158,549		2,319,141
	-		39,470,645
	-		38,966,559
	-		422,144
	60,299		66,227,200
	-		474,000
	-		1,404,293
	20,389,266		423,258,204
	116,811		(55,549,528)
	-		18,450
	-		351,162
	(1,921)		(351,162)
	(1,921)		18,450
	-		(3,123)
	114,890		(55,534,201)
	1,329,646		309,397,471
\$	1,444,536	\$	253,863,270

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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (55,534,201)
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.	63,722,620
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.	(35,804,072)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	442,364
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.	(176,633)
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	6,739,641
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	3,543,062
The net profit of internal service funds is not included in the fund financial statements but is reported with governmental activities in the government-wide financial statements.	477,171
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.	39,293,645
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 in long-term debt in the government-wide financial statements.	57,421
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 8/31/2017 caused the ending net position to increase in the amount of \$5,295,019. Contributions made before the measurement but during the 2018 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 \$928,805. These contributions were replaced with the District's pension expense for the year of \$8,481,304, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$2,257,480.	(2,257,480)

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, 2018

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2017 but during the current fiscal year caused the ending net position to increase in the amount of \$1,377,409. These contributions were replaced with the District's OPEB expense for the year, which was a \$30,590,268 benefit and also caused an increase in net position. The impact of both of these is to increase net position by \$31,967,677.	31,967,677
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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.	(3,968,689)
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Change in Net Position of Governmental Activities	<u><u>\$ 48,502,526</u></u>
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DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 3,457,640	\$ 86,595	\$ 3,544,235	\$ 5,445,186
Due from Other Governments	6,469	-	6,469	-
Due from Other Funds	18,399	-	18,399	-
Other Receivables	3,651	-	3,651	7,828
Inventories	131,009	-	131,009	6,429
Prepayments	-	-	-	2,397
Total Current Assets	3,617,168	86,595	3,703,763	5,461,840
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	4,295,288	27,223	4,322,511	8,756
Depreciation on Furniture and Equipment	(3,740,208)	(27,223)	(3,767,431)	(8,756)
Total Noncurrent Assets	555,080	-	555,080	-
Total Assets	4,172,248	86,595	4,258,843	5,461,840
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Resource Outflow Related to TRS OPEB	67,223	-	67,223	-
Deferred Resource Outflow Related to TRS Pension	1,449,016	-	1,449,016	-
Total Deferred Outflows of Resources	1,516,239	-	1,516,239	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	47,532	-	47,532	8,615
Accrued Wages Payable	56,121	-	56,121	2,166
Due to Other Funds	4,332	-	4,332	-
Accrued Expenses	-	-	-	1,090,789
Unearned Revenues	221,187	-	221,187	-
Total Current Liabilities	329,172	-	329,172	1,101,570
NonCurrent Liabilities:				
Net Pension Liability	2,753,958	-	2,753,958	-
Net OPEB Liability	4,610,150	-	4,610,150	-
Total Noncurrent Liabilities	7,364,108	-	7,364,108	-
Total Liabilities	7,693,280	-	7,693,280	1,101,570
DEFERRED INFLOWS OF RESOURCES				
Deferred Resource Inflow Related to TRS OPEB	1,928,435	-	1,928,435	-
Deferred Inflow Related to TRS Pension	844,755	-	844,755	-
Total Deferred Inflows of Resources	2,773,190	-	2,773,190	-
NET POSITION				
Net Investment in Capital Assets	555,080	-	555,080	-
Unrestricted Net Position	(5,333,063)	86,595	(5,246,468)	4,360,270
Total Net Position	\$ (4,777,983)	\$ 86,595	\$ (4,691,388)	\$ 4,360,270

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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 4,098,609	\$ 129,180	\$ 4,227,789	\$ 1,327,372
State Program Revenues	65,706	-	65,706	-
Total Operating Revenues	4,164,315	129,180	4,293,495	1,327,372
OPERATING EXPENSES:				
Payroll Costs	3,376,302	59,975	3,436,277	199,599
Professional and Contracted Services	88,262	415	88,677	257,404
Supplies and Materials	6,040,601	91,453	6,132,054	80,855
Other Operating Costs	46,314	1,657	47,971	370,959
Depreciation Expense	172,707	-	172,707	-
Total Operating Expenses	9,724,186	153,500	9,877,686	908,817
Operating Income (Loss)	(5,559,871)	(24,320)	(5,584,191)	418,555
NONOPERATING REVENUES (EXPENSES):				
National School Breakfast Program	1,424,334	-	1,424,334	-
National School Lunch Program	5,112,327	-	5,112,327	-
Donated Commodities (USDA)	967,807	-	967,807	-
Earnings from Temporary Deposits & Investments	13,119	-	13,119	58,615
Total Nonoperating Revenues (Expenses)	7,517,587	-	7,517,587	58,615
Change in Net Position	1,957,716	(24,320)	1,933,396	477,170
Total Net Position - July 1 (Beginning)	1,357,357	110,915	1,468,272	3,883,100
Prior Period Adj. "Required by GASB 75"	(8,093,056)	-	(8,093,056)	-
Total Net Position June 30 (Ending)	<u>\$ (4,777,983)</u>	<u>\$ 86,595</u>	<u>\$ (4,691,388)</u>	<u>\$ 4,360,270</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, 2018

	Business-Type Activities			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from District	\$ -	\$ -	\$ -	\$ 1,050,104
Cash Received from Charges and Fees	4,162,986	129,180	4,292,166	275,229
Cash Payments for Payroll Costs	(3,371,156)	(59,975)	(3,431,131)	(197,463)
Cash Payments for Purchased Services	(88,262)	(415)	(88,677)	(245,892)
Cash Payments for Supplies and Materials	(6,136,656)	(91,453)	(6,228,109)	(80,855)
Cash Payments for Other Expenses	(46,314)	(1,657)	(47,971)	(102,690)
Cash Payments for Claims	-	-	-	(541,285)
Net Cash Provided by (Used for) Operating Activities	(5,479,402)	(24,320)	(5,503,722)	157,148
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Cash Received from Federal Programs	7,504,468	-	7,504,468	-
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Purchase of Capital Assets	(73,880)	-	(73,880)	-
Change in Pension Liability Accounts	159,650	-	159,650	-
Change in OPEB Liability Accounts	(1,621,694)	-	(1,621,694)	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	(1,535,924)	-	(1,535,924)	-
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	13,119	-	13,119	58,615
Net Increase (Decrease) in Cash and Cash Equivalents	502,261	(24,320)	477,941	215,763
Cash and Cash Equivalents at Beginning of Year	2,955,379	110,915	3,066,294	5,229,423
Cash and Cash Equivalents at End of Year	\$ 3,457,640	\$ 86,595	\$ 3,544,235	\$ 5,445,186
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (5,559,871)	\$ (24,320)	\$ (5,584,191)	\$ 418,555
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	172,707	-	172,707	-
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	655	-	655	(7,718)
Decrease (increase) in Inv./Prepayments	176,951	-	176,951	10,711
Decrease (increase) in Due from Other Gov.	(1,984)	-	(1,984)	-
Increase (decrease) in Accounts Payable	(101,874)	-	(101,874)	(50,868)
Increase (decrease) in Accrued Wages Payable	5,146	-	5,146	2,136
Increase (decrease) in Accrued Expenses	-	-	-	(221,347)
Increase (decrease) in Due to/from Other Funds	(7,280)	-	(7,280)	5,679
Increase (decrease) in Unearned Revenues	(163,852)	-	(163,852)	-
Net Cash Provided by (Used for) Operating Activities	\$ (5,479,402)	\$ (24,320)	\$ (5,503,722)	\$ 157,148

The accompanying notes are an integral part of this statement.

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,016,617
Total Assets	<u>\$ 1,016,617</u>
LIABILITIES	
Accounts Payable	\$ 4,249
Accrued Wages Payable	512
Due to Student Groups	<u>1,011,856</u>
Total Liabilities	<u>\$ 1,016,617</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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Denton Independent School District's (the "District") 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, 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, 2018

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 food service operations and for its athletic stadium concessions, because these programs are self-supporting and do 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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.
5. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments or earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards.

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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 <u>Fund Balance</u>
Appropriated Budget Funds	\$ -0-
Nonappropriated Budget Funds	<u>1,430,306</u>
All Special Revenue Funds	<u>\$1,430,306</u>

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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 totaled \$42,040.

I. INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the District has numerous transactions between funds: The most significant are:

- (A) Inventory is maintained in the General Fund but available for consumption by all funds on a cost reimbursement basis, and

Short-term interfund loans, due to the fact that checking account balances for most governmental funds are pooled into one demand account.

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

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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. FINANCIAL REPORTING MODEL

The District follows the financial reporting model for state and local governments that includes the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve *fiscal accountability* and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's *operational accountability*. The GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

P. 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, 2018 was \$62,327,828.

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 6.7 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, 2018 was \$30,012,761.

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 8.6 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense at June 30, 2018 was \$1,392,355.

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:

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, 2018 was \$2,869,352.

**DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 2018, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$17,496,994.

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 (8.6 years for the 2017 measurement year). In fiscal year 2018, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$39,942,721.

Q. 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 2018, 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.

R. 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.

S. IMPLEMENTATION OF NEW STANDARD

In the current fiscal year the District implemented the following new standard:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* ("GASB 75") establishes accounting and financial reporting standards for other post-employment benefits (OPEB) that are provided to the employees of state and local governmental employers through plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.
- 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, 2018 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, 2018 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.

During the current fiscal period, the Board of Trustees 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 30 and 31) and are described below:

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General Fund

The General Fund has unassigned fund balance of \$70,243,747 at June 30, 2018. Deferred expenditures (prepaid items) of \$206,081 and inventories of \$147,268 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2018:

Extended School Day program	\$ 4,817,573
Non-bond new campus startup	162,057
Transportation	1,878,081
Per pupil campus allotment	1,857,191
Local grant funds	1,588,730
Career and Technology program	505,023
Bilingual program	13,602
Fine Arts program	84,240
Major maintenance projects	2,312,878
Technology	5,233,351
Athletics	1,863,338
Vehicles/buses/equipment	<u>512,785</u>
	<u>\$20,828,849</u>

Other Major Funds

The Debt Service Fund has restricted funds of \$62,887,911 at June 30, 2018 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. Deferred expenditures (prepaid items) of \$6,299 are considered nonspendable fund balance. The Capital Projects Fund has restricted funds of \$94,024,912 at June 30, 2018 consisting of unspent bond funds and \$4,066,612 of non-bond funds assigned for future capital replacement projects. Deferred expenditures (prepaid items) of \$7,055 are considered nonspendable fund balance.

Other Funds

The fund balance of \$1,430,306 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The Lewis Trust Memorial Fund permanent endowment fund principal of \$1,000 is shown as nonspendable at June 30, 2018, while the accumulated unspent earnings of \$13,230 are shown as assigned 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.

1. **Cash Deposits:**

At June 30, 2018, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$9,339,814 and the bank balance was \$9,943,753. The District's cash deposits at June 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

DENTON INDEPENDENT SCHOOL DISTRICT
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A reconciliation of cash and cash equivalents to the financial statements is as follows:

Petty cash	\$ 417
Checking accounts and interest-bearing savings accounts	9,339,814
Investment pools	<u>265,882,233</u>
Total	<u>\$275,222,464</u>
Governmental funds	\$265,202,196
Enterprise funds	3,544,235
Internal service funds	5,445,186
Fiduciary funds	1,016,617
Permanent fund	<u>14,230</u>
Total	<u>\$275,222,464</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, 2018, the District's cash balances totaled \$9,943,753. This entire amount was either secured by a letter of credit 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, 2018, the District held all of its investments in three public funds investment pools (TexPool, Lone Star 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.
- 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 and TexStar at year-end was AAAM (Standard & Poor's), and the credit quality rating for Lone Star was AAAF (Standard & Poor's).

DENTON INDEPENDENT SCHOOL DISTRICT
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- 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, 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, 2018, 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, 2018, are shown below:

Name	Carrying Amount	Fair Value
TexPool	\$ 67,953,818	\$ 67,953,818
TexStar	98,711,391	98,711,391
Lone Star	99,217,024	99,217,024
Total	<u>\$265,882,233</u>	<u>\$265,882,233</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.

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 and Lone Star (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Adjustments	Balance June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 51,396,865	\$ 15,808,141	\$ -	\$ 67,205,006
Construction in Progress	46,620,431	23,038,451	(39,242,766)	30,416,116
Total capital assets, not being depreciated	98,017,296	38,846,592	(39,242,766)	97,621,122
Capital assets, being depreciated:				
Buildings and Improvements	871,206,923	62,226,523	-	933,433,446
Furniture and Equipment	48,696,461	1,892,271	(960,990)	49,627,742
Total capital assets, being depreciated	919,903,384	64,118,794	(960,990)	983,061,188
Less accumulated depreciation for:				
Buildings and Improvements	(257,409,212)	(33,453,219)	-	(290,862,431)
Furniture and Equipment	(37,952,891)	(2,350,853)	960,990	(39,342,754)
Total accumulated depreciation	(295,362,103)	(35,804,072)	960,990	(330,205,185)
Total capital assets being depreciated, net	624,541,281	28,314,722	-	652,856,003
Governmental activities capital assets, net	\$ 722,558,577	\$ 67,161,314	\$ (39,242,766)	\$ 750,477,125
Business-type activities:				
Furniture and Equipment	\$ 4,248,631	\$ 73,880	\$ -	\$ 4,322,511
Totals at historic cost	4,248,631	73,880	-	4,322,511
Less accumulated depreciation for:				
Furniture and Equipment	(3,594,724)	(172,707)	-	(3,767,431)
Total accumulated depreciation	(3,594,724)	(172,707)	-	(3,767,431)
Business-type activities capital assets net	\$ 653,907	\$ (98,827)	\$ -	\$ 555,080

Construction in progress includes the following construction contracts in progress as of June 30, 2018:

Project	Estimated Cost to Complete	Expended to Date	Balance to Complete
Elementary School Construction	\$23,573,863	\$ 853,913	\$22,719,950
Support Services Building	11,590,385	11,076,499	513,886
High School Addition	27,521,566	23,392,182	4,129,384
High School Renovation	542,600	46,194	496,406
Total	\$63,228,414	\$35,368,788	\$27,859,626

DENTON INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$25,233,230
Instructional Resources & Media Services	599,232
Curriculum & Instructional Staff Development	807,137
Instructional Leadership	480,922
School Leadership	2,226,526
Guidance, Counseling & Evaluation Services	2,001,754
Social Work Services	91,067
Health Services	392,570
Student (Pupil) Transportation	819,819
Cocurricular/Extracurricular Activities	697,046
General Administration	957,995
Plant Maintenance and Operations	781,044
Data Processing Services	463,608
Community Services	<u>252,122</u>
Total depreciation expense-Governmental activities	<u>\$35,804,072</u>
Business-type activities:	
Food Services	\$ 172,707
Stadium Concessions	<u>-</u>
Total depreciation expense Business-type activities	<u>\$ 172,707</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes seventeen series of par bonds and capital appreciation (deep discount) serial bonds, compensated absences, interest rate swap agreements, and special termination benefits. 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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2018:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/17	Additions	Refunded/ Retired	Amounts Outstanding 6/30/18	Due Within One Year
Bonded Indebtedness:							
2001 Bldg/Refunding	3.64-4.40%	60,920,000	\$ 13,115,000	\$ -	\$ 1,675,000	\$ 11,440,000	\$ 1,725,000
2002 Bldg/Ref CAB	3.58-5.88%	69,195,675	708,645	-	708,645	-	-
2005A Building	Variable	46,500,000	44,740,000	-	1,840,000	42,900,000	1,890,000
2006B Building	Variable	30,000,000	30,000,000	-	-	30,000,000	-
2007 Building	4.00-5.00%	39,365,000	890,000	-	890,000	-	-
2008 Building	3.375-5.0%	158,215,000	2,180,000	-	2,180,000	-	-
2009 Refunding	4.00-5.25%	31,875,000	10,570,000	-	1,705,000	8,865,000	4,235,000
2011 Refunding	2.00-5.00%	24,325,000	14,375,000	-	2,660,000	11,715,000	2,765,000
2012A Building	Variable	40,000,000	25,560,000	-	17,700,000	7,860,000	-
2012B Refunding	2.00-5.00%	57,210,000	55,935,000	-	320,000	55,615,000	560,000
2012C Refunding	2.00-2.50%	24,875,000	15,840,000	-	3,145,000	12,695,000	3,235,000
2012D Refunding	2.00-5.00%	40,030,000	39,205,000	-	-	39,205,000	-
2013 Building	2.00%	44,300,000	31,980,000	-	-	31,980,000	-
2014A Building	1.25-5.00%	75,055,000	71,870,000	-	3,160,000	68,710,000	1,145,000
2014B Building	2.00%	69,075,000	69,075,000	-	-	69,075,000	-
2014C Refunding	2.00-5.00%	14,435,000	14,130,000	-	2,390,000	11,740,000	2,465,000
2015 Refunding	3.00-5.00%	118,775,000	117,480,000	-	-	117,480,000	3,670,000
2015A Building	2.00-5.00%	164,580,000	163,380,000	-	920,000	162,460,000	3,530,000
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	1,549,104	-	-	1,549,104	-
Total Bonded Indebtedness			<u>839,287,749</u>	-	<u>39,293,645</u>	<u>799,994,104</u>	<u>25,220,000</u>
Accreted Interest	4.10-5.20%		46,705,510	1,183,293	4,726,355	43,162,448	4,406,984
Premiums on Bond Issuance			127,787,239	-	6,739,641	121,047,598	6,739,641
Accrued Vacation Benefits			990,031	212,617	257,182	945,466	225,000
Special Termination Benefits			26,058	-	12,856	13,202	6,799
Total Other Obligations			<u>175,508,838</u>	<u>1,395,910</u>	<u>11,736,034</u>	<u>165,168,714</u>	<u>11,378,424</u>
Total Obligations of District			<u>\$1,014,796,587</u>	<u>\$ 1,395,910</u>	<u>\$ 51,029,679</u>	<u>\$ 965,162,818</u>	<u>\$36,598,424</u>

Final maturity of the above bond series ranges from 2019 to 2046.

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 and special termination 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, 2018.

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Interest Rate Swap Agreements

2005 Swap Agreements

As a means to reduce its borrowing cost in comparison to the issuance of traditional fixed rate bonds at the time of issuance, on January 27, 2005 the District entered into an interest rate swap transaction pursuant to agreements (the "2005 Swap Agreements") with Bear Stearns Financial Products Inc. ("BSFP") and UBS AG ("UBS"), each in an original notional amount of \$23,250,000, in order to synthetically fix the interest obligation on the District's \$46,500,000 Variable Rate Unlimited Tax School Building Bonds, Series 2005-A (the "Series 2005-A Bonds"). Subsequent to entering into the 2005 Swap Agreements, JPMorgan Chase & Co. purchased and merged with BSFP and as result JPMorgan Chase Bank, N.A. ("JPMCB") has been substituted for BSFP as a swap counterparty for the 2005 Swap Agreements.

Under the 2005 Swap Agreements, the District is obligated to make payments to JPMCB and UBS calculated on a notional amount that is equal to the scheduled outstanding principal amount of the Series 2005-A Bonds at a fixed rate of 3.42% per annum and JPMCB and UBS are each obligated to make floating rate payments to the District calculated on a notional amount that is equal to the scheduled outstanding principal amount of the Series 2005-A Bonds at a rate equal to 67% of the one-month London Interbank Offered Rate (LIBOR) for U.S. deposits. The Series 2005-A Bonds and the 2005 Swap Agreements have a stated final maturity date of August 1, 2035.

As of June 30, 2018, the debt service requirements of the Series 2005-A Bonds were as follows. As interest rates change in the future, the differences between the floating rates payable to the District under the 2005 Swap Agreements and the actual interest rates payable by the District on the Series 2005-A Bonds will vary.

<u>Year Ended</u>			<u>Total</u>
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2019	\$ 1,890,000	\$ 1,833,433	\$ 3,723,433
2020	1,950,000	1,749,530	3,699,530
2021	2,000,000	1,663,222	3,663,222
2022	1,880,000	1,578,444	3,458,444
2023	1,950,000	1,494,758	3,444,758
2024-2028	10,980,000	6,097,898	17,077,898
2029-2033	13,070,000	3,477,428	16,547,428
2034-2036	<u>9,180,000</u>	<u>612,674</u>	<u>9,792,674</u>
Totals	<u>\$ 42,900,000</u>	<u>\$ 18,507,387</u>	<u>\$ 61,407,387</u>

Note: Interest was calculated at a rate, representing the sum of: (a) the actual fixed payment swap rate of 3.420% pursuant to the 2005 Swap Agreements; (b) the estimated cost of the liquidity facility for the Series 2005-A Bonds (0.550%); (c) the estimated cost of remarketing the Series 2005-A Bonds (0.050%); and (d) 0.350% per year to offset the potential differences between the floating rates payable to the District under the 2005 Swap Agreements and the actual interest rates payable by the District on the Series 2005-A Bonds.

2006 Swap Agreement

As a means to reduce its borrowing cost in comparison to the issuance of traditional fixed rate bonds at the time of issuance, on June 29, 2006 the District entered into an interest rate swap transaction pursuant to an agreement (the "2006 Swap Agreement") with Bear Stearns Financial Products Inc. ("BSFP"), in an original notional amount of \$30,000,000, in order to synthetically fix the interest obligation on the District's \$30,000,000 Variable Rate Unlimited Tax School Building Bonds, Series 2006-B (the "Series 2006-B Bonds"). Subsequent to entering into the 2006 Swap Agreement, JPMorgan Chase & Co. purchased and merged with BSFP and as a result JPMorgan Chase Bank, N.A. ("JPMCB") has been substituted for BSFP as swap counterparty for the 2006 Swap Agreement.

DENTON INDEPENDENT SCHOOL DISTRICT
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Under the 2006 Swap Agreement, the District is obligated to make payments to JPMCB calculated on a notional amount equal to the scheduled outstanding principal amount of the Series 2006-B Bonds at a fixed rate of 4.077% per annum, and JPMCB is obligated to make floating rate payments to the District calculated on a notional amount this is equal to the scheduled outstanding principal amount of the Series 2006-B Bonds at a rate equal to equal to 62.5% of the 10-year constant maturity swap rate (a reported market fixed rate at which 10-year interest rate swaps for a one-month U.S. dollar LIBOR rate are entered into from time to time). The Series 2006-B Bonds and the 2006 Swap Agreement have a stated final maturity date of August 1, 2035.

As of June 30, 2018, the debt service requirements of the Series 2006-B Bonds were as follows. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006-B Bonds will vary.

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	\$ -	\$ 1,571,100	\$ 1,571,100
2020	-	1,571,100	1,571,100
2021	-	1,571,100	1,571,100
2022	-	1,571,100	1,571,100
2023	-	1,571,100	1,571,100
2024-2028	3,855,000	7,236,879	11,091,879
2029-2033	5,895,000	5,784,397	11,679,397
2034-2036	<u>20,250,000</u>	<u>1,880,869</u>	<u>22,130,869</u>
Totals	<u>\$ 30,000,000</u>	<u>\$ 22,757,645</u>	<u>\$ 52,757,645</u>

Note: Interest was calculated at a rate, representing the sum of: (a) the actual fixed payment swap rate of 4.077% pursuant to the 2006 Swap Agreement; (b) the estimated cost of the liquidity facility for the Series 2006-B Bonds (0.250%); (c) the estimated cost of remarketing the Series 2006-B Bonds (0.060%); and (d) 0.700% per year to offset the potential differences between the floating rates payable to the District under the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006-B Bonds.

Other Information Common To Both The 2005 And 2006 Swap Agreements

Arrangements made in respect of the 2005 Swap Agreements and 2006 Swap Agreement (collectively, the "Swap Agreements") do not alter the District's obligation to pay principal of and interest on the Series 2005-A Bonds and Series 2006-B Bonds. The Swap Agreements do not provide a source of security or other credit for the Series 2005-A Bonds and Series 2006-B Bonds. The District's obligations under the Swap Agreements are secured by a levy of an annual ad valorem tax on parity with the District's obligation to pay principal and interest on the Series 2005-A Bonds and Series 2006-B Bonds.

As of June 30, 2018, the District was not exposed to credit risk with JPMCB and UBS on the 2005 Swap Agreements as such agreements had a negative fair value of \$5,752,822. The District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement as such agreement had a negative fair value of \$7,429,888. Collectively, as of June 30, 2018, the Swap Agreements had a net negative fair value of \$13,182,710.

As of June 30, 2018, JPMCB was rated "Aa3," "A+" and "AA" by Moody's Investors Service ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings ("Fitch"), respectively, while UBS was rated "Aa3," "A+" and "AA-" by Moody's, S&P and Fitch, respectively.

**DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The Swap Agreements are subject to mandatory redemption in the event of default or as follows:

2005 and 2006 Swap Agreement with JPMCB: If the ratings assigned to the District's unenhanced long-term debt obligations are withdrawn or reduced to "BBB" by S&P, "BBB" by Fitch or "Ba1" by Moody's (if Moody's, S&P and Fitch assign ratings to the District's unenhanced long-term debt obligations) or "BBB+" by S&P or Fitch (if Moody's does not assign ratings to the District's unenhanced long-term debt obligations), or if the ratings assigned to JPMCB's unenhanced long-term debt obligations are withdrawn or reduced to "BBB" by S&P or "Baa2" by Moody's.

2005 Swap Agreement with UBS: If the ratings assigned to either the District's or UBS's unenhanced long-term debt obligations are withdrawn or reduced to "BBB+" by S&P or "BBB+" by Fitch.

The Swap Agreements are also subject to optional termination by the District at any time over the term of the Swap Agreements at the then prevailing market value. JPMCB and UBS do not have the elective right to optionally terminate the Swap Agreements.

NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements to maturity are as follows (excluding maturities on the 2005-A issue and 2006-B issue, which are reflected in Note 5 above):

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	\$ 31,190,000	\$ 30,284,086	\$ 61,474,086
2020	24,340,000	29,926,696	54,266,696
2021	19,563,016	34,450,014	54,013,030
2022	24,022,371	30,370,650	54,393,021
2023	14,713,434	39,901,063	54,614,497
2024-2028	108,100,283	160,866,549	268,966,832
2029-2033	172,260,000	95,981,659	268,241,659
2034-2038	140,795,000	58,568,075	199,363,075
2039-2043	128,225,000	28,678,125	156,901,125
2044-2046	<u>63,885,000</u>	<u>4,035,625</u>	<u>67,920,625</u>
	<u>\$727,094,104</u>	<u>\$513,060,542</u>	<u>\$1,240,154,646</u>

NOTE 7. DEFEASED BONDS OUTSTANDING

In February, 2018 the District defeased \$17,700,000 of the Series 2012-A building bonds using cash reserves from the debt service fund. The District placed the funds in an irrevocable escrow account with a trust agent to ensure payment of debt service on the defeased bonds.

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. 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, 2018, \$179,220,000 of bonds outstanding are considered defeased.

NOTE 8. SPECIAL TERMINATION BENEFITS

During the year ended August 31, 1997, the District adopted a Voluntary Exit Program for the purpose of rewarding eligible employees with compensation upon their voluntary leave from employment with the District, without regard to having reached the retirement provisions of the Teacher Retirement System of Texas.

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From 1997 through 2001, any employee with a minimum of 25 years experience, at least 15 years of which had been with the District and at least the immediately preceding 5 years, was eligible to receive upon voluntary leave from employment a percentage of the employee's base salary, ranging from 50% to 100%, payable annually over a four-year period. During the year ended August 31, 2000, the District approved guidelines to phase out the program.

From 1999 through 2017, 119 employees elected participation in the program. The District's liability for these special termination benefits is considered a long-term liability and is recorded in the Statement of Net Position at the present value at June 30, 2018 of all future periodic payments to be made to the 6 former employees currently in the program.

A summary of the future payments that the District is obligated to make under this program is as follows:

Year Ended <u>June 30</u>	Total <u>Payments</u>
2019	\$ 6,799
2020	<u>6,799</u>
Total	<u>\$ 13,598</u>
Present Value	<u>\$ 13,202</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, 2017	\$ 990,031
Additions – New Entrants and Salary Increments	212,617
Deductions – Payments to Participants	<u>(257,182)</u>
Balance, June 30, 2018	<u>\$ 945,466</u>

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 \$1,404,293 in fiscal year 2018 for appraising property.

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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 2017-18 fiscal year was based was \$15,966,067,987. 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, 2018, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.06 and \$0.48 per \$100 valuation, respectively, for a total of \$1.54 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2018 were 99.19% 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, 2018, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,972,273 and \$897,079 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and as unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as unavailable revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as unavailable revenues and recognized as revenue of the period to which they apply.

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.

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

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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.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

<u>Contribution Rates</u>		
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Denton ISD FY2018 Employer Contributions	\$	6,223,824
Denton ISD FY2018 Member Contributions	\$	15,197,324
Denton ISD 2017 NECE On-Behalf Contributions	\$	9,073,005

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, 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 the 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.

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- 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.

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Denton ISD's proportionate share of the net pension liability:	\$ 96,160,462	\$ 57,041,383	\$ 24,468,349

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, Denton Independent School District reported a liability of \$57,041,383 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	\$ 57,041,383
State's proportionate share that is associated with the District	<u>88,702,720</u>
Total	<u>\$145,744,103</u>

The net pension liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.1783958534%, an increase of 4.96% from its proportionate share of 0.1699625968 % at August 31, 2016.

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Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability during the current measurement period:

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

For the year ended June 30, 2018, Denton Independent School District recognized pension expense of \$6,765,891 and revenue of \$6,765,891 for support provided by the State.

At June 30, 2018, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 834,541	\$ 3,076,167
Changes in actuarial assumptions	2,598,326	1,487,481
Difference between projected and actual investment earnings	8,772,302	12,929,354
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	12,512,573	3,992
Contributions paid to TRS subsequent to the measurement date	5,295,019	-
Total	\$30,012,761	\$17,496,994

\$5,295,019 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2018	\$ 1,048,760
2019	4,689,859
2020	768,995
2021	(298,598)
2022	740,031
Thereafter	271,701

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 that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

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Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

Benefits Provided. TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates				
Effective Sept. 1, 2016 - Dec. 31, 2017				
	TRS-Care 1	TRS-Care 2	TRS-Care 3	
	<u>Basic Plan</u>	<u>Optional Plan</u>	<u>Optional Plan</u>	
Retiree*	\$ 0	\$ 70	\$ 100	
Retiree and Spouse	20	175	255	
Retiree* and Children	41	132	182	
Retiree and Family	61	237	337	
Surviving Children only	28	62	82	

* 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.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% 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. 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.

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	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
 Denton ISD FY18 Employer Contributions		\$1,558,100
Denton ISD FY18 Member Contributions		\$1,282,898
Denton ISD 2017 NECE On-behalf Contributions		\$1,754,769

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 employers hire a TRS retiree, they 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 \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

The District's proportionate share of the \$212,000,000 received during the District's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

Actuarial Assumptions. The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

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Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
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
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 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 applied to all periods of projected benefit payments to determine the total OPEB liability. *The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.*

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 (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District’s proportionate share of the Net OPEB Liability:	\$112,699,278	\$95,487,785	\$81,653,630

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a trend rate that is one-percentage lower or one-percentage point higher than the assumed healthcare cost trend rate:

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	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$79,503,130	\$95,487,785	\$116,461,679

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2018, the District reported a liability of \$95,487,785 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	\$ 95,487,785
State's proportionate share that is associated with the District	<u>146,774,672</u>
Total	<u>\$242,262,457</u>

The Net OPEB Liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.2195815632% which was the same proportion measured as of August 31, 2016.

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:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact included assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The significant changes to the plan benefits and assumptions noted above lowered the OPEB liability related to TRS-Care plan as a whole by \$33.3 billion. As a result, the District's proportional share of the net OPEB liability decreased by \$73,091,076. Because the decrease in the liability was the result of changes to plan benefits, a majority of the decrease has been recognized immediately in the District's financial statements. As a result, the District recognized a total proportional share of negative OPEB expense of \$82,704,079. A portion of this negative expense represents the State's on behalf share of this activity which is offset by what the Governmental Accounting Standards Board refers to as a negative revenue in the amount of \$49,114,708.

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,754,769 and revenue of \$1,754,769 for support provided by the State.

At June 30, 2018, 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	\$ -	\$ 1,993,380
Changes in actuarial assumptions	-	37,949,341
Difference between projected and actual investment earnings	14,505	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	441	-
Contributions paid to TRS subsequent to the measurement date	1,377,409	-
Total	\$1,392,355	\$39,942,721

The net amounts of the employer's balance 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
2019	\$ (5,268,516)
2020	(5,268,516)
2021	(5,268,516)
2022	(5,268,516)
2023	(5,272,142)
Thereafter	(13,581,569)

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description. Denton Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees authority to establish and amend the basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017 and 2016. For fiscal year 2018, contribution rates were 1.25% for the State of Texas, 0.65% for active employees and 0.75% for school districts. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2018, 2017, and 2016, the State's contributions to the TRS-Care were \$2,467,098, \$1,414,503, and \$1,127,075, respectively, the active member contributions were \$1,282,891, \$919,427, and \$732,599, respectively, and the school district's contribution were \$1,480,259, \$777,977, and \$619,891, respectively, which equaled the required contributions each year.

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, 2018, the contribution made on behalf of the District was \$688,577.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2018, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund:		
Child Care Development Grant	\$ 19,904	\$ -
Head Start	140,531	
ESEA Title I	313,676	-
IDEA-B Formula	568,922	-
IDEA-B Preschool	1,002	-
ESEA II Training and Recruiting	78,277	-
English Language Acquisition	36,888	-
Summer Feeding Program	27,493	4,211
Medicaid Admin Claim MAC	42,093	-
SSA Adult Basic Education	257,683	-
SSA TANF Family Assistance	11,734	-
SSA IDEA-B Discretionary	20,049	-
ESEA IV Part A	12,617	-
SSA Career and Technical	18,072	-
SSA IDEA-C Deaf	2,234	-
Visually Impaired	11,528	-
SSA ABE Technology	5,249	-
SSA Regional Day School-Deaf	195,235	-
Deaf Educ Management Board	16,352	-
Enterprise Fund	121	18,399
Special Revenue Fund:		
General Fund	-	1,779,539
Enterprise Fund	4,211	-
Enterprise Fund:		
General Fund	18,399	121
TOTAL	<u>\$1,802,270</u>	<u>\$1,802,270</u>

Virtually all of the above interfund balances are short-term loans due to the fact that checking account balances for most governmental funds are pooled into one demand account. There are no interfund balances that are not expected to be repaid within one year.

Interfunds transfers for the year ended June 30, 2018 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	\$349,241	\$ -
Special Revenue Fund	-	1,921
Capital Projects Fund:		
General Fund	-	349,241
Special Revenue Fund:		
General Fund	1,921	-
TOTAL	<u>\$351,162</u>	<u>\$351,162</u>

**DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

The purpose of the \$349,241 transfer was to transfer local funds from the general fund to the capital projects fund to set them aside for future capital replacements needs. The purpose of the \$1,921 transfer is to transfer a portion of the aquatic program loss to the campus activity fund.

NOTE 15. HEALTH CARE

For many years the District sponsored a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan were accounted for in the Health Insurance Fund, and internal service fund of the District.

Effective January 1, 2012, the District changed to the State-sponsored TRS Active-Care health insurance plan. During the year ended June 30, 2018, the District contributed \$260 monthly to the TRS Active Care plan. Employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents.

NOTE 16. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2018, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$2,778,915	\$23,471,299	\$ 93,498	\$127,303	\$26,471,015
Debt Service Fund	1,270,979	-	-	-	1,270,979
Capital Projects Fund	-	-	-	1,156	1,156
Special Revenue Fund	-	3,449,488	4,211	700	3,454,399
Total - Governmental Activities	<u>\$4,049,894</u>	<u>\$26,920,787</u>	<u>\$ 97,709</u>	<u>\$129,159</u>	<u>\$31,197,549</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 196,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,756</u>
Business-type Activities:					
Enterprise Fund	\$ -	\$ 6,469	\$ 18,399	\$ 3,651	\$ 28,519
Internal Service Fund	-	-	-	7,828	7,828
Total Business-type Activities	<u>\$ -</u>	<u>\$ 6,469</u>	<u>\$ 18,399</u>	<u>\$ 11,479</u>	<u>\$ 36,347</u>

Payables at June 30, 2018, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 3,904,308	\$27,240,285	\$ 18,399	\$ -	\$31,162,992
Debt Service Fund	53,945	-	-	-	53,945
Capital Projects Fund	6,170,575	-	-	-	6,170,575
Special Revenue Funds	423,560	1,450,515	93,377	-	1,967,452
Total-Governmental Activities	<u>\$10,552,388</u>	<u>\$28,690,800</u>	<u>\$ 111,776</u>	<u>\$ -</u>	<u>\$39,354,964</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type Activities:					
Enterprise Fund	\$ 47,536	\$ 56,121	\$ 4,332	\$ -	\$ 107,989
Internal Service Fund	8,615	2,166	-	1,090,789	1,101,570
Total Business-type Activities	<u>\$ 56,151</u>	<u>\$ 58,287</u>	<u>\$ 4,332</u>	<u>\$1,090,789</u>	<u>\$ 1,209,559</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 \$1,090,789 as of June 30, 2018. 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 \$1,090,789 includes incurred but not reported claims. This liability reported in the fund at June 30, 2018, 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 a 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 2018 was \$500,000.

Changes in the workers' compensation claims liability amounts in fiscal 2017 and 2018 are represented below:

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2018</u>
Unpaid claims, beginning of year	\$1,223,675	\$1,312,136
Incurred claims (including IBNR'S)	839,538	511,098
Claim payments	<u>751,077</u>	<u>732,445</u>
Unpaid claims, end of fiscal year	<u>\$1,312,136</u>	<u>\$1,090,789</u>

The amount of claims and judgments due within one year is estimated to be \$700,000.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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.

Fund	State Grants & Entitlements	Federal Grants	Local Governments	Total
General	\$23,218,288	\$ 206,200	\$ 46,811	\$23,471,299
Special Revenue	<u>19,795</u>	<u>3,101,566</u>	<u>328,127</u>	<u>3,449,488</u>
Total	<u>\$23,238,083</u>	<u>\$3,307,766</u>	<u>\$374,938</u>	<u>\$26,920,787</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, 2018, the estimated rebate liability on outstanding bond series was \$47,483.

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.

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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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	\$169,718,903	\$ -	\$76,885,515	\$ -	\$246,604,418
Investment Income	1,457,398	-	648,494	1,774,906	3,880,798
Penalties, interest and other tax related income	1,033,285	-	337,448	-	1,370,733
Co-curricular student activities	530,952	2,268,113	-	-	2,799,065
Tuition and fees	3,227,712	849,786	-	-	4,077,498
Gifts and bequests	1,257,483	368,802	-	-	1,626,285
Facilities rentals	331,777	-	-	-	331,777
Insurance recovery	106,963	800	-	-	107,763
Other	231,072	-	-	-	231,072
Total	<u>\$177,895,545</u>	<u>\$3,487,501</u>	<u>\$77,871,457</u>	<u>\$1,774,906</u>	<u>\$261,029,409</u>

NOTE 22. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Enterprise Fund	Total
Lunchroom Receipts	\$ -	\$ -	\$179,147	\$179,147
Food Commodities	-	-	42,040	42,040
State Textbook Fund	-	58,340	-	58,340
A.I.R.-DLL	-	13,879	-	13,879
Summer School LEP	-	14,684	-	14,684
Teacher Induction & Mentoring	-	507	-	507
Advanced Placement Incentives	-	139,258	-	139,258
Deaf Ed Mgmt Board	-	332,808	-	332,808
Summer Feeding Program	-	6,272	-	6,272
	<u>\$ -</u>	<u>\$565,748</u>	<u>\$221,187</u>	<u>\$786,935</u>

NOTE 23. GENERAL FUND FEDERAL SOURCE REVENUES

Program or Source	CFDA Number	Amount	Total Grant or Entitlement
General Fund:			
Medicaid Reimbursement	N/A	\$4,851,187	\$4,851,187
Junior ROTC	12.000	268,120	268,120
Indirect Costs	N/A	721,419	721,419
Impact Aid	12.106	359,914	359,914
Federal Excise Tax Rebate	N/A	400,213	400,213
Total for General Fund		<u>\$6,600,853</u>	<u>\$6,600,853</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 one functional category in the General Fund for the year ended June 30, 2018.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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, 2018, the District had no students in the program for whom it was required to make contributions.

NOTE 26. 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
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	(Memorandum Only)
Current	\$258,603,498	\$20,389,266	\$ -	\$ 1,683,472	\$280,676,236
Capital Outlay	-	-	-	63,722,620	63,722,620
Debt Service:					
Principal	-	-	39,470,645	-	39,470,645
Interest and Fiscal Charges	-	-	39,388,703	-	39,388,703
Total Expenditures	<u>\$258,603,498</u>	<u>\$20,389,266</u>	<u>\$78,859,348</u>	<u>\$65,406,092</u>	<u>\$423,258,204</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 27. SUBSEQUENT EVENT

In August, 2018 the District sold \$400,125,000 school building bonds that generated \$442,430,000 in proceeds that will be used for facility construction and renovations.

NOTE 28. PRIOR PERIOD ADJUSTMENT

In fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)*. As a result the beginning net position of the District's governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflows of resources relating to TRS-Care contributions made after the prior measurement date of the plan. The following illustrates the effect of the prior period adjustment:

Beginning Net Position – As Originally Presented	\$ 36,958,239
Restatement due to:	
Net OPEB liability (measurement date as of August 31, 2016)	(160,439,874)
Deferred Outflows:	
District contributions made to TRS during the fiscal year	<u>905,408</u>
Beginning Net Position (Deficit) – As Restated	<u>\$(122,576,227)</u>

NOTE 29. PROPRIETARY FUND NONCASH ACTIVITIES

The following noncash investing or financing activity occurred in the National Breakfast and Lunch Program enterprise fund during the year ended June 30, 2018:

Receipt and use of donated USDA commodities	<u>\$967,807</u>
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REQUIRED SUPPLEMENTARY INFORMATION

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DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 171,811,049	\$ 176,244,519	\$ 177,895,545	\$ 1,651,026
State Program Revenues	80,308,247	80,784,122	81,829,362	1,045,240
Federal Program Revenues	4,290,000	6,138,913	6,600,853	461,940
Total Revenues	256,409,296	263,167,555	266,325,760	3,158,205
EXPENDITURES:				
Current:				
Instruction	158,345,858	164,263,233	161,571,851	2,691,382
Instructional Resources and Media Services	4,265,052	4,399,787	4,343,336	56,451
Curriculum and Instructional Staff Development	3,857,073	4,863,808	4,341,920	521,888
Instructional Leadership	2,368,797	3,356,457	3,274,590	81,867
School Leadership	13,795,278	14,530,577	14,507,240	23,337
Guidance, Counseling and Evaluation Services	10,414,073	10,266,436	10,155,787	110,649
Social Work Services	442,228	536,615	527,553	9,062
Health Services	2,680,440	2,617,183	2,574,448	42,735
Student (Pupil) Transportation	6,163,795	8,070,568	6,623,445	1,447,123
Food Services	205,512	207,836	200,317	7,519
Extracurricular Activities	7,766,073	7,342,943	6,749,806	593,137
General Administration	6,359,182	7,712,634	7,354,133	358,501
Facilities Maintenance and Operations	27,120,734	26,774,718	24,720,212	2,054,506
Security and Monitoring Services	1,016,170	1,124,832	1,031,296	93,536
Data Processing Services	4,704,886	5,184,505	5,186,937	(2,432)
Community Services	4,080,271	2,924,274	2,160,592	763,682
Capital Outlay:				
Facilities Acquisition and Construction	1,080,000	1,684,274	1,401,742	282,532
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	426,400	474,000	474,000	-
Payments to Juvenile Justice Alternative Ed. Prg.	28,500	-	-	-
Other Intergovernmental Charges	1,288,974	1,404,293	1,404,293	-
Total Expenditures	256,409,296	267,738,973	258,603,498	9,135,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(4,571,418)	7,722,262	12,293,680
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	18,450	18,450	-
Transfers In	-	1,921	1,921	-
Transfers Out (Use)	-	(349,241)	(349,241)	-
Total Other Financing Sources (Uses)	-	(328,870)	(328,870)	-
EXTRAORDINARY ITEMS:				
Extraordinary Item - (Use)	-	(3,123)	(3,123)	-
Net Change in Fund Balances	-	(4,903,411)	7,390,269	12,293,680
Fund Balance - July 1 (Beginning)	84,035,676	84,035,676	84,035,676	-
Fund Balance - June 30 (Ending)	\$ 84,035,676	\$ 79,132,265	\$ 91,425,945	\$ 12,293,680

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, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.178395853%	0.169962597%	0.1691892%	0.1151618%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 57,041,383	\$ 64,226,338	\$ 59,806,130	\$ 30,761,310
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	88,702,720	103,415,412	97,157,049	83,661,060
Total	<u>\$ 145,744,103</u>	<u>\$ 167,641,750</u>	<u>\$ 156,963,179</u>	<u>\$ 114,422,370</u>
District's Covered Payroll	\$ 187,413,154	\$ 174,953,893	\$ 163,821,034	\$ 154,554,318
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	30.44%	36.71%	36.51%	19.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 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, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

The notes to the required supplementary information are an integral part of this schedule.

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 6,223,824	\$ 5,786,378	\$ 5,322,188	\$ 4,666,408
Contribution in Relation to the Contractually Required Contribution	(6,223,824)	(5,786,378)	(5,322,188)	(4,666,408)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 197,367,842	\$ 185,528,986	\$ 173,396,127	\$ 163,129,441
Contributions as a Percentage of Covered Payroll	3.15%	3.12%	3.07%	2.86%

Note: GASB 68, Paragraph 81 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.

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

The notes to the required supplementary information are an integral part of this schedule.

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, 2018

	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.219581563%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 95,487,785
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	146,774,672
Total	<u>\$ 242,262,457</u>
District's Covered Payroll	\$ 187,413,154
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	50.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

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

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

The notes to the required supplementary information are an integral part of this schedule.

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Contractually Required Contribution	\$ 1,558,100
Contribution in Relation to the Contractually Required Contribution	(1,558,100)
Contribution Deficiency (Excess)	<u>\$ -0-</u>
District's Covered Payroll	\$ 197,367,842
Contributions as a Percentage of Covered Payroll	0.79%

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.

The notes to the required supplementary information are an integral part of this schedule.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Note 1. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The Board adopts an “appropriated budget” on a basis consistent with GAAP for the general fund, debt service fund and food service fund (which is included in the enterprise fund). At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three funds. The special revenue funds and the capital project fund adopt project-length budgets which do not correspond to the District’s fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to June 19th the District prepares a budget based on the modified zero-based budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one of more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to June 30th the Board legally adopts the budget for the general fund, debt service fund and food service fund.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget manager (principal, department director or divisional administrator). Budget managers may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year-end.

The general fund, debt service fund and child nutrition fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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, 2017). 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. Budget amendments to general fund revenues totaled \$16,154,832, and budget amendments to general fund expenditures totaled \$16,464,792.

B. Teacher Retirement System

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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

B. Teacher Retirement System-continued

Changes of assumptions:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

There were no changes in benefit terms that affected measurement of the total OPEB 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 OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact included assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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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:

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
Summer Feeding Program - funds granted to provide summer meals to community 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
Medicaid Admin. Claim MAC - funds to reimburse Medicaid state plan administrative costs
Title III Nexus - funds granted for professional development costs for math and science teachers
A.I.R.-DLL - funds granted for a Spanish reading recovery program
Summer School LEP - funds for summer education of limited English proficient students
SSA Adult Education - funds granted to provide adult education literacy services
SSA-TANF Family Assistance - funds granted to promote services to undereducated adults under TANF
SSA-IDEA, Part B Discretionary - funds granted for special education private residential placements
SSA-IDEA, Part B Deaf - funds granted for children with hearing disabilities
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 Textbook Fund - funds granted for textbook and technology needs
Read to Succeed - funds from state license plate fees for reading programs
Tx Educator Excellence Award Grant - funds granted for teachers who complete a literacy or
mathematic achievement academy
Pre-K Grant - funds granted to provide services to pre-kindergarten children
SSA-Adult Basic Education - funds granted to provide adult education and literacy services
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

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, 2018

	Child Care Development Block Grant	Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables from Other Governments	73,804	320,219	707,764	1,174,483
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	700
Inventories	-	-	-	-
Prepayments	-	-	15,235	5,977
Other Assets	-	-	-	-
Total Assets	<u>\$ 73,804</u>	<u>\$ 320,219</u>	<u>\$ 722,999</u>	<u>\$ 1,181,160</u>
LIABILITIES				
Accounts Payable	\$ 41,200	\$ 3,723	\$ 91,237	\$ 18,487
Accrued Wages Payable	12,204	175,965	318,086	593,751
Due to Other Funds	19,904	140,531	313,676	568,922
Due to Other Governments	496	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>73,804</u>	<u>320,219</u>	<u>722,999</u>	<u>1,181,160</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Endowment Principal	-	-	-	-
Prepaid Items	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 73,804</u>	<u>\$ 320,219</u>	<u>\$ 722,999</u>	<u>\$ 1,181,160</u>

IDEA - Part B Preschool	Summer Feeding Program	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	Medicaid Admin. Claim MAC	A.I.R.-DLL	Summer School LEP
\$ 4,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,879	\$ 15,964
6,174	51,282	159,659	88,830	27,493	-	-	-
-	4,211	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,370	-	-	-	-	-	-
-	-	1,498	165	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 10,393</u>	<u>\$ 59,863</u>	<u>\$ 161,157</u>	<u>\$ 88,995</u>	<u>\$ 27,493</u>	<u>\$ -</u>	<u>\$ 13,879</u>	<u>\$ 15,964</u>
\$ 175	\$ -	\$ 47,788	\$ 346	\$ -	\$ -	\$ -	\$ -
9,216	11,498	35,092	51,761	-	-	-	1,280
1,002	42,093	78,277	36,888	27,493	-	-	-
-	-	-	-	-	-	-	-
-	6,272	-	-	-	-	13,879	14,684
<u>10,393</u>	<u>59,863</u>	<u>161,157</u>	<u>88,995</u>	<u>27,493</u>	<u>-</u>	<u>13,879</u>	<u>15,964</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 10,393</u>	<u>\$ 59,863</u>	<u>\$ 161,157</u>	<u>\$ 88,995</u>	<u>\$ 27,493</u>	<u>\$ -</u>	<u>\$ 13,879</u>	<u>\$ 15,964</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	ESEA Title IV Part A	SSA Adult Basic Education	SSA - TANF Family Assistance	SSA IDEA, Part B Discretionary
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables from Other Governments	12,617	380,407	11,769	30,594
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
Inventories	-	-	-	-
Prepayments	-	-	-	-
Other Assets	-	-	-	-
Total Assets	<u>\$ 12,617</u>	<u>\$ 380,407</u>	<u>\$ 11,769</u>	<u>\$ 30,594</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 90,069	\$ -	\$ -
Accrued Wages Payable	-	32,655	35	10,545
Due to Other Funds	12,617	257,683	11,734	20,049
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>12,617</u>	<u>380,407</u>	<u>11,769</u>	<u>30,594</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Endowment Principal	-	-	-	-
Prepaid Items	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 12,617</u>	<u>\$ 380,407</u>	<u>\$ 11,769</u>	<u>\$ 30,594</u>

SSA - Career & Technical - Basic Grant	SSA - IDEA C Deaf - Early Intervention	Visually Impaired SSVI	Advanced Placement Incentives	State Textbook Fund	Teacher Induction and Mentoring	TX Educator Excellence Award Grant	Pre-K Grant
\$ -	\$ -	\$ -	\$ 139,258	\$ 75,360	\$ 507	\$ -	\$ -
53,537	2,234	11,528	-	-	-	700	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,925	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 59,462</u>	<u>\$ 2,234</u>	<u>\$ 11,528</u>	<u>\$ 139,258</u>	<u>\$ 75,360</u>	<u>\$ 507</u>	<u>\$ 700</u>	<u>\$ -</u>
\$ 22,609	\$ -	\$ -	\$ -	\$ 17,020	\$ -	\$ -	\$ -
18,781	-	-	-	-	-	700	-
18,072	2,234	11,528	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	139,258	58,340	507	-	-
<u>59,462</u>	<u>2,234</u>	<u>11,528</u>	<u>139,258</u>	<u>75,360</u>	<u>507</u>	<u>700</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 59,462</u>	<u>\$ 2,234</u>	<u>\$ 11,528</u>	<u>\$ 139,258</u>	<u>\$ 75,360</u>	<u>\$ 507</u>	<u>\$ 700</u>	<u>\$ -</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	SSA - ABE Educational Technology	SSA Regional Day School - Deaf	Deaf Ed Mgmt Board	Campus Activity Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 397,026	\$ 1,479,644
Receivables from Other Governments	8,267	229,727	98,400	-
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
Inventories	-	-	-	-
Prepayments	-	-	3,600	33,138
Other Assets	-	-	-	-
Total Assets	<u>\$ 8,267</u>	<u>\$ 229,727</u>	<u>\$ 499,026</u>	<u>\$ 1,512,782</u>
LIABILITIES				
Accounts Payable	\$ 3,018	\$ 2,572	\$ 5,448	\$ 79,868
Accrued Wages Payable	-	31,920	144,418	2,608
Due to Other Funds	5,249	195,235	16,352	-
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	332,808	-
Total Liabilities	<u>8,267</u>	<u>229,727</u>	<u>499,026</u>	<u>82,476</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Endowment Principal	-	-	-	-
Prepaid Items	-	-	-	33,138
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	1,397,168
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,306</u>
Total Liabilities and Fund Balances	<u>\$ 8,267</u>	<u>\$ 229,727</u>	<u>\$ 499,026</u>	<u>\$ 1,512,782</u>

Total Nonmajor Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
\$ 2,125,857	\$ -	\$ 2,125,857
3,449,488	-	3,449,488
4,211	-	4,211
700	-	700
4,370	-	4,370
65,538	-	65,538
-	14,230	14,230
<u>\$ 5,650,164</u>	<u>\$ 14,230</u>	<u>\$ 5,664,394</u>
\$ 423,560	\$ -	\$ 423,560
1,450,515	-	1,450,515
1,779,539	-	1,779,539
496	-	496
565,748	-	565,748
<u>4,219,858</u>	<u>-</u>	<u>4,219,858</u>
-	1,000	1,000
33,138	-	33,138
1,397,168	-	1,397,168
-	13,230	13,230
<u>1,430,306</u>	<u>14,230</u>	<u>1,444,536</u>
<u>\$ 5,650,164</u>	<u>\$ 14,230</u>	<u>\$ 5,664,394</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	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	219,840	1,306,914	3,096,109	5,273,760
Total Revenues	219,840	1,306,914	3,096,109	5,273,760
EXPENDITURES:				
Current:				
Instruction	172,967	1,067,201	2,059,380	1,917,231
Instructional Resources and Media Services	-	-	13,576	-
Curriculum and Instructional Staff Development	4,571	73,766	760,624	401,040
Instructional Leadership	42,302	-	14,212	177,027
School Leadership	-	34,949	52,163	951
Guidance, Counseling and Evaluation Services	-	1,669	72,262	2,772,226
Social Work Services	-	95,283	6,806	-
Health Services	-	-	-	3,795
Student (Pupil) Transportation	-	-	-	-
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	-
General Administration	-	-	-	-
Facilities Maintenance and Operations	-	-	-	-
Security and Monitoring Services	-	-	-	-
Community Services	-	34,046	117,086	1,490
Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Total Expenditures	219,840	1,306,914	3,096,109	5,273,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

IDEA - Part B Preschool	Summer Feeding Program	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	Medicaid Admin. Claim MAC	A.I.R.-DLL	Summer School LEP
\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
55,050	53,894	542,173	383,693	101,954	33,681	1,247	3,017
55,050	53,919	542,173	383,693	101,954	33,681	1,247	3,017
55,050	-	44,633	56,245	-	-	1,007	-
-	-	-	-	-	-	-	-
-	-	492,787	326,172	-	-	240	1,382
-	-	2,892	-	-	2,018	-	-
-	-	1,861	1,276	-	-	-	1,484
-	-	-	-	-	31,663	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	151
-	-	-	-	101,954	-	-	-
-	53,919	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,050	53,919	542,173	383,693	101,954	33,681	1,247	3,017
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	ESEA Title IV Part A	SSA Adult Basic Education	SSA - TANF Family Assistance	SSA IDEA, Part B Discretionary
REVENUES:				
Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
State Program Revenues	-	-	-	-
Federal Program Revenues	12,353	2,271,607	172,508	81,409
Total Revenues	12,353	2,271,607	172,508	81,409
EXPENDITURES:				
Current:				
Instruction	-	2,143,038	161,476	81,409
Instructional Resources and Media Services	-	-	-	-
Curriculum and Instructional Staff Development	12,353	88,628	-	-
Instructional Leadership	-	27,407	11,032	-
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	-	12,534	-	-
Security and Monitoring Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Total Expenditures	12,353	2,271,607	172,508	81,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

SSA - Career & Technical - Basic Grant	SSA - IDEA C Deaf - Early Intervention	Visually Impaired SSVI	Advanced Placement Incentives	State Textbook Fund	Teacher Induction and Mentoring	TX Educator Excellence Award Grant	Pre-K Grant
\$ -	\$ -	\$ -	\$ -	\$ 1,278	\$ -	\$ -	\$ -
-	-	11,528	4,560	1,822,683	164	2,100	141,818
246,928	2,234	-	-	-	-	-	-
246,928	2,234	11,528	4,560	1,823,961	164	2,100	141,818
88,952	2,234	11,528	4,560	1,809,976	-	-	141,818
-	-	-	-	-	164	-	-
68,397	-	-	-	13,985	-	2,100	-
3,149	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
86,430	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
246,928	2,234	11,528	4,560	1,823,961	164	2,100	141,818
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	SSA - ABE Educational Technology	SSA Regional Day School - Deaf	Deaf Ed Mgmt Board	Campus Activity Funds
REVENUES:				
Total Local and Intermediate Sources	\$ -	\$ -	\$ 848,483	\$ 2,637,715
State Program Revenues	684,042	493,302	-	-
Federal Program Revenues	-	-	-	-
Total Revenues	684,042	493,302	848,483	2,637,715
EXPENDITURES:				
Current:				
Instruction	588,518	475,122	800,669	1,502,474
Instructional Resources and Media Services	-	-	-	145,489
Curriculum and Instructional Staff Development	42,629	-	1,096	70,049
Instructional Leadership	39,958	18,180	46,718	-
School Leadership	-	-	-	74,839
Guidance, Counseling and Evaluation Services	-	-	-	-
Social Work Services	-	-	-	-
Health Services	-	-	-	268
Student (Pupil) Transportation	-	-	-	-
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	622,005
General Administration	-	-	-	11,761
Facilities Maintenance and Operations	12,937	-	-	27,495
Security and Monitoring Services	-	-	-	306
Community Services	-	-	-	5,927
Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	60,299
Total Expenditures	684,042	493,302	848,483	2,520,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	116,803
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	-	-	(1,921)
Net Change in Fund Balance	-	-	-	114,882
Fund Balance - July 1 (Beginning)	-	-	-	1,315,424
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 1,430,306

Total Nonmajor Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds	
\$	3,487,501	\$	8	\$ 3,487,509
	3,160,197		-	3,160,197
	13,858,371		-	13,858,371
	20,506,069		8	20,506,077
	13,185,488		-	13,185,488
	159,229		-	159,229
	2,359,819		-	2,359,819
	384,895		-	384,895
	167,523		-	167,523
	2,964,250		-	2,964,250
	102,089		-	102,089
	4,214		-	4,214
	101,954		-	101,954
	53,919		-	53,919
	622,005		-	622,005
	11,761		-	11,761
	52,966		-	52,966
	306		-	306
	158,549		-	158,549
	60,299		-	60,299
	20,389,266		-	20,389,266
	116,803		8	116,811
	(1,921)		-	(1,921)
	114,882		8	114,890
	1,315,424		14,222	1,329,646
\$	1,430,306	\$	14,230	\$ 1,444,536

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Print Shop	Workers Compensation	Healthcare Trust Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 106,112	\$ 3,523,800	\$ 1,815,274	\$ 5,445,186
Other Receivables	-	7,828	-	7,828
Inventories	6,429	-	-	6,429
Prepayments	-	2,188	209	2,397
Total Current Assets	<u>112,541</u>	<u>3,533,816</u>	<u>1,815,483</u>	<u>5,461,840</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	8,756	-	-	8,756
Depreciation on Furniture and Equipment	(8,756)	-	-	(8,756)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>112,541</u>	<u>3,533,816</u>	<u>1,815,483</u>	<u>5,461,840</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	8,615	-	-	8,615
Accrued Wages Payable	2,166	-	-	2,166
Accrued Expenses	-	1,090,789	-	1,090,789
Total Liabilities	<u>10,781</u>	<u>1,090,789</u>	<u>-</u>	<u>1,101,570</u>
NET POSITION				
Unrestricted Net Position	<u>101,760</u>	<u>2,443,027</u>	<u>1,815,483</u>	<u>4,360,270</u>
Total Net Position	<u>\$ 101,760</u>	<u>\$ 2,443,027</u>	<u>\$ 1,815,483</u>	<u>\$ 4,360,270</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, 2018

	Print Shop	Workers Compensation	Healthcare Trust Fund	Total Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 275,119	\$ 1,012,791	\$ 39,462	\$ 1,327,372
Total Operating Revenues	275,119	1,012,791	39,462	1,327,372
OPERATING EXPENSES:				
Payroll Costs	139,049	60,550	-	199,599
Professional and Contracted Services	136,186	57,600	63,618	257,404
Supplies and Materials	63,108	10,500	7,247	80,855
Other Operating Costs	-	361,770	9,189	370,959
Total Operating Expenses	338,343	490,420	80,054	908,817
Operating Income (Loss)	(63,224)	522,371	(40,592)	418,555
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	-	35,172	23,443	58,615
Total Nonoperating Revenues (Expenses)	-	35,172	23,443	58,615
Change in Net Position	(63,224)	557,543	(17,149)	477,170
Total Net Position - July 1 (Beginning)	164,984	1,885,484	1,832,632	3,883,100
Total Net Position June 30 (Ending)	\$ 101,760	\$ 2,443,027	\$ 1,815,483	\$ 4,360,270

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Print Shop	Workers Compensation	Healthcare Trust Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from District	\$ -	\$ 1,004,963	\$ 45,141	\$ 1,050,104
Cash Received from Charges and Fees	275,229	-	-	275,229
Cash Payments for Payroll Costs	(136,913)	(60,550)	-	(197,463)
Cash Payments for Purchased Services	(137,086)	(57,600)	(51,206)	(245,892)
Cash Payments for Supplies and Materials	(63,108)	(10,500)	(7,247)	(80,855)
Cash Payments for Other Expenses	-	(92,313)	(10,377)	(102,690)
Cash Payments for Claims	-	(541,285)	-	(541,285)
Net Cash Provided by (Used for) Operating Activities	(61,878)	242,715	(23,689)	157,148
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	-	35,172	23,443	58,615
Net Increase (Decrease) in Cash and Cash Equivalents	(61,878)	277,887	(246)	215,763
Cash and Cash Equivalents at Beginning of Year	167,990	3,245,913	1,815,520	5,229,423
Cash and Cash Equivalents at End of Year	\$ 106,112	\$ 3,523,800	\$ 1,815,274	\$ 5,445,186
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (63,224)	\$ 522,371	\$ (40,592)	\$ 418,555
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	110	(7,828)	-	(7,718)
Decrease (increase) in Inv./Prepayments	(1,701)	-	12,412	10,711
Increase (decrease) in Accounts Payable	801	(50,481)	(1,188)	(50,868)
Increase (decrease) in Accrued Wages Payable	2,136	-	-	2,136
Increase (decrease) in Accrued Expenses	-	(221,347)	-	(221,347)
Increase (decrease) in Due to/from Other Funds	-	-	5,679	5,679
Net Cash Provided by (Used for) Operating Activities	\$ (61,878)	\$ 242,715	\$ (23,689)	\$ 157,148

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 3,684,000	\$ 4,048,782	\$ 4,098,609	\$ 49,827
State Program Revenues	60,000	60,000	65,706	5,706
Total Revenues	3,744,000	4,108,782	4,164,315	55,533
EXPENDITURES:				
Food Services	11,090,822	11,455,604	9,724,186	1,731,418
Total Expenditures	11,090,822	11,455,604	9,724,186	1,731,418
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,346,822)	(7,346,822)	(5,559,871)	1,786,951
OTHER FINANCING SOURCES (USES):				
National School Breakfast Program	1,497,500	1,497,500	1,424,334	(73,166)
National School Lunch Program	5,082,000	5,082,000	5,112,327	30,327
Donated Commodities (USDA)	766,072	766,072	967,807	201,735
Investment Income	1,250	1,250	13,119	11,869
Total Other Financing Sources (Uses)	7,346,822	7,346,822	7,517,587	170,765
Change in Net Position	-	-	1,957,716	1,957,716
Total Net Position - July 1 (Beginning)	1,357,357	1,357,357	1,357,357	-
Total Net Position - June 30 (Ending)	\$ 1,357,357	\$ 1,357,357	\$ 3,315,073	\$ 1,957,716

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Total Local and Intermediate Sources	\$ 76,193,180	\$ 77,266,516	\$ 77,871,457	\$ 604,941
State Program Revenues	1,279,717	1,643,218	1,230,476	(412,742)
Total Revenues	77,472,897	78,909,734	79,101,933	192,199
EXPENDITURES:				
Debt Service:				
Principal on Long Term Debt	38,705,645	21,593,645	39,470,645	(17,877,000)
Interest on Long Term Debt	38,996,559	38,966,559	38,966,559	-
Bond Issuance Cost and Fees	527,758	527,758	422,144	105,614
Total Expenditures	78,229,962	61,087,962	78,859,348	(17,771,386)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(757,065)	17,821,772	242,585	(17,579,187)
OTHER FINANCING SOURCES (USES):				
Other (Uses)	-	(17,877,000)	-	17,877,000
Net Change in Fund Balances	(757,065)	(55,228)	242,585	297,813
Fund Balance - July 1 (Beginning)	62,651,625	62,651,625	62,651,625	-
Fund Balance - June 30 (Ending)	\$ 61,894,560	\$ 62,596,397	\$ 62,894,210	\$ 297,813

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	BALANCE JULY 1 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2018
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 1,100,751	\$ 2,564,302	\$ 2,648,436	\$ 1,016,617
Liabilities:				
Accounts Payable	\$ 3,083	\$ 1,166	\$ -	\$ 4,249
Accrued Wages Payable	-	512	-	512
Due to Student Groups	1,097,668	2,562,624	2,648,436	1,011,856
Total Liabilities	\$ 1,100,751	\$ 2,564,302	\$ 2,648,436	\$ 1,016,617
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 1,100,751	\$ 2,564,302	\$ 2,648,436	\$ 1,016,617
Liabilities:				
Accounts Payable	\$ 3,083	\$ 1,166	\$ -	\$ 4,249
Accrued Wages Payable	-	512	-	512
Due to Student Groups	1,097,668	2,562,624	2,648,436	1,011,856
Total Liabilities	\$ 1,100,751	\$ 2,564,302	\$ 2,648,436	\$ 1,016,617

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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.

Contents	Page
Financial Trends	112
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	122
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	128
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	134
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	138
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 comprehensive annual financial reports for the relevant year.

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

Fiscal Year	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$(134,747,773)	\$ (98,597,897)	\$ (98,448,425)	\$ (63,550,092)
Restricted for Campus Activities	506,111	609,215	834,344	909,653
Restricted for Debt Service	34,131,436	38,048,039	42,142,928	47,127,851
Restricted for Corpus	-	1,000	1,000	1,000
Restricted for Playground Equipment	-	12,958	13,052	13,123
Unrestricted Net Position	<u>127,244,017</u>	<u>83,693,383</u>	<u>77,842,110</u>	<u>42,348,960</u>
Total Governmental Activities Net Position	<u>\$ 27,133,791</u>	<u>\$ 23,766,698</u>	<u>\$ 22,385,009</u>	<u>\$ 26,850,495</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 323,527	\$ 215,811	\$ 737,761	\$ 1,438,433
Unrestricted Net Position	<u>1,933,823</u>	<u>2,908,761</u>	<u>2,381,579</u>	<u>2,061,722</u>
Total Business-Type Activities	<u>\$ 2,257,350</u>	<u>\$ 3,124,572</u>	<u>\$ 3,119,340</u>	<u>\$ 3,500,155</u>
Primary Government:				
Net Investment in Capital Assets	\$(134,424,246)	\$ (98,382,086)	\$ (97,710,664)	\$ (62,111,659)
Restricted for Campus Activities	506,111	609,215	834,344	909,653
Restricted for Debt Service	34,131,436	38,048,039	42,142,928	47,127,851
Restricted for Corpus	-	1,000	1,000	1,000
Restricted for Playground Equipment	-	12,958	13,052	13,123
Unrestricted Net Position	<u>129,177,840</u>	<u>86,602,144</u>	<u>80,223,689</u>	<u>44,410,682</u>
Total Primary Government	<u>\$ 29,391,141</u>	<u>\$ 26,891,270</u>	<u>\$ 25,504,349</u>	<u>\$ 30,350,650</u>

2013	2014	2015	2016	2017	2018
\$ (60,034,706)	\$ (59,743,833)	\$ (47,396,513)	\$ (43,470,538)	\$ (16,839,370)	\$ (10,138,170)
978,332	1,038,867	1,138,179	1,188,954	1,294,634	1,397,168
50,832,071	56,166,524	59,552,880	67,642,629	62,642,822	62,887,911
1,000	1,000	1,000	1,000	1,000	1,000
13,194	13,201	13,208	13,215	13,222	13,230
39,860,571	37,396,548	5,267,023	38,233,380	(10,154,069)	(128,234,840)
<u>\$ 31,650,462</u>	<u>\$ 34,872,307</u>	<u>\$ 18,575,777</u>	<u>\$ 63,608,640</u>	<u>\$ 36,958,239</u>	<u>\$ (74,073,701)</u>
\$ 1,596,924	\$ 1,333,128	\$ 1,211,823	\$ 856,186	\$ 653,907	\$ 555,080
2,009,902	1,992,905	667,490	733,800	814,365	(5,246,468)
<u>\$ 3,606,826</u>	<u>\$ 3,326,033</u>	<u>\$ 1,879,313</u>	<u>\$ 1,589,986</u>	<u>\$ 1,468,272</u>	<u>\$ (4,691,388)</u>
\$ (58,437,782)	\$ (58,410,705)	\$ (46,184,690)	\$ (42,614,352)	\$ (16,185,463)	\$ (9,583,090)
978,332	1,038,867	1,138,179	1,188,954	1,294,634	1,397,168
50,832,071	56,166,524	59,552,880	67,642,629	62,642,822	62,887,911
1,000	1,000	1,000	1,000	1,000	1,000
13,194	13,201	13,208	13,215	13,222	13,230
41,870,473	39,389,453	5,934,513	38,967,180	(9,339,704)	(133,481,308)
<u>\$ 35,257,288</u>	<u>\$ 38,198,340</u>	<u>\$ 20,455,090</u>	<u>\$ 65,198,626</u>	<u>\$ 38,426,511</u>	<u>\$ (78,765,089)</u>

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

Fiscal Year	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Instruction	\$ 134,726,267	\$ 142,846,874	\$ 147,791,384	\$ 142,879,926
Instructional Resources & Media Services	3,866,009	3,954,485	4,055,167	4,004,174
Curriculum & Staff Development	4,417,941	4,896,737	4,578,304	3,974,083
Instructional Leadership	2,600,380	2,888,262	3,160,725	2,677,319
School Leadership	11,812,262	12,022,194	12,098,591	11,380,604
Guidance, Counseling & Evaluation Services	9,754,789	10,678,636	10,850,839	10,596,400
Social Work Services	822,572	736,414	734,395	662,420
Health Services	2,279,459	2,391,738	2,416,596	2,354,611
Student (Pupil) Transportation	5,357,101	5,509,515	5,136,357	5,117,453
Food Services	193,650	205,511	216,441	212,456
Extracurricular Activities	5,121,928	5,494,874	5,565,786	5,678,981
General Administration	4,493,238	4,925,859	5,157,358	5,498,784
Plant Maintenance & Operations	30,022,194	22,650,584	22,341,395	20,947,561
Security Monitoring Services	490,413	551,780	588,702	625,486
Data Processing Services	3,245,135	3,540,253	3,484,135	3,537,840
Community Services	351,956	544,167	568,928	631,841
Debt Service - Interest and Fees	30,890,612	30,633,392	32,117,047	28,330,206
Payments for Fiscal Agent/Member Districts	187,200	231,000	255,750	232,500
Payments to Juvenile Justice Alternative Ed. Prg.	13,261	6,853	6,853	6,408
Other Intergovernmental Charges	1,167,478	1,190,866	1,223,154	1,231,054
Total Governmental Activities Expenses	<u>251,813,845</u>	<u>255,899,994</u>	<u>262,347,907</u>	<u>250,580,107</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	1,409,347	1,775,223	1,589,656	1,699,448
Instructional Leadership	-	-	227,700	273,714
School Leadership	-	-	-	-
Health Services	-	1,693,877	2,229,547	1,884,174
Extracurricular Activities	448,086	459,584	725,993	462,348
General Administration	-	-	-	644,338
Plant Maintenance & Operations	282,994	284,358	729,776	382,137
Community Services	-	-	335,130	362,217
Operating Grants and Contributions	24,123,906	32,029,618	33,145,949	27,320,158
Capital Grants and Contributions	-	-	56,000	-
Total Governmental Activities Program Revenues	<u>26,264,333</u>	<u>36,242,660</u>	<u>39,039,751</u>	<u>33,028,534</u>
Total Governmental Activities Net (Expense) Revenue	<u>\$(225,549,512)</u>	<u>\$(219,657,334)</u>	<u>\$(223,308,156)</u>	<u>\$(217,551,573)</u>

2013	2014	2015	2016	2017	2018
\$ 144,877,249	\$ 154,357,950	\$ 161,194,546	\$ 175,831,272	\$ 179,220,317	\$ 145,390,038
3,980,838	4,226,963	4,229,966	4,482,448	4,678,744	4,119,719
4,241,167	4,082,091	4,155,565	5,146,422	6,147,898	4,628,669
2,726,823	2,645,733	2,611,553	2,835,801	2,963,824	2,989,248
12,220,012	12,572,588	13,205,280	14,560,585	15,563,677	12,315,422
11,088,010	11,435,409	12,033,024	13,388,580	14,331,163	10,930,736
710,187	790,420	802,931	817,002	791,191	513,851
2,340,531	2,502,551	2,531,987	2,659,754	2,789,542	1,864,404
5,119,826	5,340,406	5,286,652	6,715,636	6,324,274	4,003,861
128,876	169,939	229,921	273,787	242,248	254,236
5,597,180	6,092,564	5,959,471	6,951,874	7,851,159	6,127,163
5,296,713	5,736,385	5,258,341	6,666,153	7,820,126	7,313,243
22,367,887	22,806,826	24,917,855	25,646,642	31,266,422	29,065,155
709,408	798,731	819,257	844,732	938,861	1,031,602
3,597,124	3,765,272	4,023,959	4,395,718	6,334,717	5,805,429
813,366	841,290	903,044	2,243,724	2,328,665	2,122,048
26,456,836	29,914,489	24,834,487	(4,817,555)	73,046,623	32,632,325
263,500	270,600	336,200	358,000	426,400	474,000
13,350	3,827	534	10,057	-	-
1,226,213	1,217,561	1,222,013	1,257,170	1,322,091	1,404,293
<u>253,775,096</u>	<u>269,571,595</u>	<u>274,556,586</u>	<u>270,267,802</u>	<u>364,387,942</u>	<u>272,985,442</u>
1,548,972	1,356,458	1,903,617	524,263	492,926	507,976
301,750	305,878	336,356	-	-	-
-	381,712	-	-	-	-
2,064,530	2,773,984	2,527,939	5,195,769	4,721,227	4,721,227
542,967	492,828	529,259	504,716	593,511	530,952
642,736	637,367	654,937	680,351	716,551	-
354,256	3,216,099	284,745	698,846	371,668	438,740
340,210	392,872	401,311	2,081,701	2,532,842	2,719,736
23,121,232	23,406,913	26,660,967	35,357,325	35,008,583	(10,976,837)
632,120	-	-	-	-	-
<u>29,548,773</u>	<u>32,964,111</u>	<u>33,299,131</u>	<u>45,042,971</u>	<u>44,437,308</u>	<u>(2,058,206)</u>
<u>\$(224,226,323)</u>	<u>\$(236,607,484)</u>	<u>\$(241,257,455)</u>	<u>\$(225,224,831)</u>	<u>\$(319,950,634)</u>	<u>\$(275,043,648)</u>

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

Fiscal Year	2009	2010	2011	2012
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 98,785,810	\$ 100,862,948	\$ 99,804,875	\$ 101,470,882
Property Taxes - Debt Service	42,658,104	43,521,508	46,887,776	47,721,609
State Aid-Formula Grants	64,834,487	70,925,666	74,391,559	76,298,049
Unrestricted Grants and Contributions	142,903	89,987	175,362	563,453
Investment Earnings	3,553,496	261,271	266,294	208,758
Miscellaneous	583,290	512,982	393,101	302,867
Special Items	(134,936)	27,379	(2,895)	-
Extraordinary Items	-	-	(533,091)	-
Transfers In (Out)	-	88,500	-	-
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>210,423,154</u>	<u>216,290,241</u>	<u>221,382,981</u>	<u>226,565,618</u>
Governmental Activities Change in Net Position	<u>\$ (15,126,358)</u>	<u>\$ (3,367,093)</u>	<u>\$ (1,925,175)</u>	<u>\$ 9,014,045</u>
Expenses				
Business-Type Activities:				
Child Nutrition	\$ 7,628,068	\$ 7,650,408	\$ 8,351,124	\$ 8,730,280
Stadium Concessions	88,512	95,417	75,947	86,644
Total Business-Type Activities Expenses	<u>7,716,580</u>	<u>7,745,825</u>	<u>8,427,071</u>	<u>8,816,924</u>
Program Revenues				
Business-Type Activities:				
Charges for Services:				
Child Nutrition	3,735,550	3,783,521	3,820,225	3,769,853
Stadium Concessions	106,994	107,708	94,022	109,942
Operating Grants and Contributions:				
Child Nutrition	4,264,393	4,832,660	4,505,230	5,313,520
Total Business-Type Activities Program Revenues	<u>8,106,937</u>	<u>8,723,889</u>	<u>8,419,477</u>	<u>9,193,315</u>
Total Business-Type Activities Net (Expense) Revenue	<u>390,357</u>	<u>978,064</u>	<u>(7,594)</u>	<u>376,391</u>
General Revenues and Other Changes in Net Position				
Business-Type Activities:				
Investment Earnings	14,895	1,942	2,362	4,424
Special Items	-	(22,784)	-	-
Transfer In (Out)	-	(90,000)	-	-
Total Business-Type Activities General Revenues and Other Changes in Net Position	<u>14,895</u>	<u>(110,842)</u>	<u>2,362</u>	<u>4,424</u>
Business-Type Activities Change in Net Position	<u>\$ 405,252</u>	<u>\$ 867,222</u>	<u>\$ (5,232)</u>	<u>\$ 380,815</u>
Total Primary Government Change in Net Position	<u>\$ (14,721,106)</u>	<u>\$ (2,499,871)</u>	<u>\$ (1,930,407)</u>	<u>\$ 9,394,860</u>

2013	2014	2015	2016	2017	2018
\$ 105,882,631	\$ 110,871,393	\$ 124,715,983	\$ 132,703,343	\$ 149,513,725	\$ 170,646,472
49,808,593	52,151,214	59,784,930	63,686,766	71,769,075	77,152,046
72,633,199	75,113,566	73,253,961	71,913,273	68,177,794	69,183,586
131,686	1,322,103	319,157	790,934	1,685,243	2,375,127
262,100	85,849	151,411	961,891	1,948,489	3,939,413
308,081	285,204	285,483	201,487	219,225	249,530
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(13,318)	-
<u>229,026,290</u>	<u>239,829,329</u>	<u>258,510,925</u>	<u>270,257,694</u>	<u>293,300,233</u>	<u>323,546,174</u>
<u>\$ 4,799,967</u>	<u>\$ 3,221,845</u>	<u>\$ 17,253,470</u>	<u>\$ 45,032,863</u>	<u>\$ (26,650,401)</u>	<u>\$ 48,502,526</u>
\$ 9,050,972	\$ 9,227,871	\$ 9,315,767	\$ 10,493,682	\$ 10,832,909	\$ 9,724,186
76,577	58,672	65,823	72,309	77,914	153,500
<u>9,127,549</u>	<u>9,286,543</u>	<u>9,381,590</u>	<u>10,565,991</u>	<u>10,910,823</u>	<u>9,877,686</u>
3,346,829	3,235,045	3,493,623	3,551,081	3,695,365	4,164,315
80,980	65,419	63,114	71,490	89,642	129,180
<u>5,802,533</u>	<u>5,704,292</u>	<u>6,127,097</u>	<u>6,651,997</u>	<u>6,985,196</u>	<u>7,504,468</u>
<u>9,230,342</u>	<u>9,004,756</u>	<u>9,683,834</u>	<u>10,274,568</u>	<u>10,770,203</u>	<u>11,797,963</u>
<u>102,793</u>	<u>(281,787)</u>	<u>302,244</u>	<u>(291,423)</u>	<u>(140,620)</u>	<u>1,920,277</u>
3,878	994	847	2,096	5,588	13,119
-	-	-	-	-	-
-	-	-	-	13,318	-
<u>3,878</u>	<u>994</u>	<u>847</u>	<u>2,096</u>	<u>18,906</u>	<u>13,119</u>
<u>\$ 106,671</u>	<u>\$ (280,793)</u>	<u>\$ 303,091</u>	<u>\$ (289,327)</u>	<u>\$ (121,714)</u>	<u>\$ 1,933,396</u>
<u>\$ 4,906,638</u>	<u>\$ 2,941,052</u>	<u>\$ 17,556,561</u>	<u>\$ 44,743,536</u>	<u>\$ (26,772,115)</u>	<u>\$ 50,435,922</u>

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

Fiscal Year	2009	2010	2011	2012
General Fund				
Reserved:				
Investments in Inventory	\$ 187,857	\$ 175,826	\$ -	\$ -
Prepaid Items	299,473	365,581	-	-
Outstanding Encumbrances	102,653	16,565	-	-
Unreserved Designated	2,753,784	1,636,326	-	-
Unreserved Undesignated	<u>47,274,807</u>	<u>53,451,035</u>	-	-
Total General Fund	<u>\$ 50,618,574</u>	<u>\$ 55,645,333</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds				
Reserved:				
Prepaid Items	\$ 9,020	\$ -	\$ -	\$ -
Outstanding Encumbrances	31,231,585	11,266,351	-	-
Retirement of Long-Term Debt	34,122,416	38,048,039	-	-
Capital Projects	73,899,324	34,997,646	-	-
Scholarship	13,488	13,958	-	-
Unreserved Designated:				
Special Revenue Fund	119,979	-	-	-
Unreserved Undesignated:				
Special Revenue Fund	<u>507,611</u>	<u>727,828</u>	-	-
Total All Other Governmental Funds	<u>\$ 139,903,423</u>	<u>\$ 85,053,822</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ 559,534	\$ 538,949
Assigned	-	-	6,624,969	17,615,649
Unassigned	<u>-</u>	<u>-</u>	<u>56,673,908</u>	<u>59,272,911</u>
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,858,411</u>	<u>\$ 77,427,509</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 1,000	\$ 1,000
Restricted	-	-	79,302,969	111,512,727
Committed	-	-	834,344	909,653
Assigned	<u>-</u>	<u>-</u>	<u>151,653</u>	<u>13,123</u>
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,289,966</u>	<u>\$ 112,436,503</u>
Total General and Other Governmental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,148,377</u>	<u>\$ 189,864,012</u>

Note: Beginning with 2011 reporting, the format has changed to comply with GASB 34 (Fund Balance Reporting and Governmental Fund Type), which requires a revised presentation as of fiscal year June 30, 2011.

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 544,317	\$ 520,916	\$ 298,325	\$ 348,189	\$ 361,562	\$ 353,349
13,387,745	16,008,742	16,810,717	18,405,879	12,964,884	20,828,849
<u>59,713,337</u>	<u>60,130,205</u>	<u>64,686,288</u>	<u>62,986,235</u>	<u>70,709,230</u>	<u>70,243,747</u>
<u>\$ 73,645,399</u>	<u>\$ 76,659,863</u>	<u>\$ 81,795,330</u>	<u>\$ 81,740,303</u>	<u>\$ 84,035,676</u>	<u>\$ 91,425,945</u>
\$ 1,000	\$ 1,000	\$ 1,000	\$ 63,157	\$ 48,467	\$ 47,492
73,788,582	246,651,294	193,184,958	294,353,889	219,630,618	156,912,823
978,332	1,038,867	1,138,179	1,169,672	1,294,634	1,397,168
<u>4,670,884</u>	<u>3,407,462</u>	<u>1,729,955</u>	<u>6,073,197</u>	<u>4,388,076</u>	<u>4,079,842</u>
<u>\$ 79,438,798</u>	<u>\$ 251,098,623</u>	<u>\$ 196,054,092</u>	<u>\$ 301,659,915</u>	<u>\$ 225,361,795</u>	<u>\$ 162,437,325</u>
<u>\$ 153,084,197</u>	<u>\$ 327,758,486</u>	<u>\$ 277,849,422</u>	<u>\$ 383,400,218</u>	<u>\$ 309,397,471</u>	<u>\$ 253,863,270</u>

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

Fiscal Year	2009	2010	2011	2012
REVENUES:				
Total Local and Intermediate Sources	\$ 148,777,634	\$ 150,706,517	\$ 153,347,264	\$ 156,862,515
State Program Revenues	77,299,153	82,085,642	86,136,834	87,702,084
Federal Program Revenues	9,568,866	20,593,887	21,414,943	16,371,413
Total Revenues	<u>235,645,653</u>	<u>253,386,046</u>	<u>260,899,041</u>	<u>260,936,012</u>
EXPENDITURES:				
Current:				
Instruction	123,120,094	129,393,866	130,139,204	126,202,752
Instructional Resources & Media Services	3,517,721	3,568,334	3,611,056	3,531,023
Curriculum & Instructional Staff Development	4,188,221	4,626,641	4,294,608	3,683,180
Instructional Leadership	2,377,497	2,731,993	2,815,403	2,443,133
School Leadership	10,646,188	10,633,829	10,663,907	10,011,536
Guidance, Counseling & Evaluation Services	8,882,223	9,695,325	9,693,117	9,429,079
Social Work Services	782,188	683,759	674,725	600,940
Health Services	2,055,987	2,137,451	2,129,084	2,068,641
Student (Pupil) Transportation	4,868,941	4,977,969	4,582,663	4,798,576
Food Services	193,650	205,511	216,441	212,456
Extracurricular Activities	4,843,463	5,155,006	5,174,715	5,271,013
General Administration	5,324,987	5,702,588	5,904,559	6,017,696
Plant Maintenance and Operations	20,829,234	20,273,709	20,672,274	19,964,472
Security and Monitoring Services	490,413	551,780	588,702	625,486
Data Processing Services	3,502,871	3,296,016	3,160,312	3,590,466
Community Services	335,440	505,830	521,489	579,863
Debt Service:				
Debt Service - Principal on long-term debt	13,152,727	13,107,975	15,590,289	17,713,901
Debt Service - Interest on long-term debt	26,828,735	26,608,270	26,779,044	26,003,427
Debt Service - Bond Issuance Cost and Fees	588,176	151,737	662,675	1,255,135
Capital Outlay:				
Facilities Acquisition and Construction	84,481,660	58,957,368	9,228,018	12,818,274
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	187,200	231,000	255,750	232,500
Payments to Juvenile Justice Alternative Ed. Prg.	13,261	6,853	6,853	6,408
Total Expenditures	<u>321,210,877</u>	<u>303,202,810</u>	<u>257,364,888</u>	<u>257,059,957</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(85,565,224)</u>	<u>(49,816,764)</u>	<u>3,534,153</u>	<u>3,876,055</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,001,982	90,000	230,264	140,730
Operating Transfers Out	(1,982)	(1,500)	(30,264)	(140,730)
Bonds Issued	31,875,000	-	27,547,209	111,586,989
Special Items/Other	839,362	(121,957)	(5,302)	-
Capital Lease Proceeds	-	-	-	-
Sale of Personal Property	46,090	27,379	251	39,904
Payments to Bond Refunding Escrow Agent	(32,387,492)	-	(27,293,998)	(69,773,813)
Extraordinary Items	-	-	(533,091)	(13,500)
Total Other Financing Sources (Uses)	<u>1,372,960</u>	<u>(6,078)</u>	<u>(84,931)</u>	<u>41,839,580</u>
Net Change in Fund Balances	<u>\$ (84,192,264)</u>	<u>\$ (49,822,842)</u>	<u>\$ 3,449,222</u>	<u>\$ 45,715,635</u>
Debt Service as a % of NonCapital Expenditures	<u>16.89%</u>	<u>16.26%</u>	<u>17.07%</u>	<u>17.91%</u>

2013	2014	2015	2016	2017	2018
\$ 162,378,579	\$ 170,363,784	\$ 191,207,775	\$ 204,841,684	\$ 232,113,625	\$ 261,029,417
83,819,960	86,320,940	87,095,762	90,301,272	84,235,349	86,220,035
12,151,734	13,039,484	13,156,972	18,275,852	19,398,025	20,459,224
<u>258,350,273</u>	<u>269,724,208</u>	<u>291,460,509</u>	<u>313,418,808</u>	<u>335,746,999</u>	<u>367,708,676</u>
129,657,486	138,160,344	145,948,630	155,679,542	161,893,114	174,768,158
3,579,185	3,791,605	3,864,461	4,037,558	4,269,874	4,502,565
3,952,219	3,805,665	3,839,428	4,590,593	5,564,082	6,701,739
2,443,167	2,412,505	2,388,900	2,551,947	2,716,676	3,659,485
10,876,235	11,184,491	11,915,870	12,787,475	13,994,909	14,674,763
9,936,571	10,558,117	10,853,870	11,705,333	12,748,559	13,120,037
661,562	701,850	720,184	734,175	709,071	629,642
2,069,221	2,225,129	2,291,705	2,338,926	2,504,289	2,578,662
5,933,765	4,873,891	4,809,971	6,057,948	5,803,380	6,725,399
222,785	257,377	229,921	273,787	242,248	254,236
5,225,717	5,690,673	5,626,948	6,388,880	7,334,318	7,371,811
6,081,955	6,434,591	6,541,380	7,313,606	7,029,443	7,365,894
19,629,213	20,458,235	22,726,850	22,622,439	23,497,792	24,773,178
709,408	798,731	819,257	844,732	938,861	1,031,602
3,684,953	3,586,921	3,982,439	4,079,015	6,079,851	5,817,051
769,513	779,939	845,326	2,037,583	2,164,308	2,319,141
19,212,047	21,316,366	27,884,304	25,744,487	30,364,508	39,470,645
24,506,771	25,049,036	27,933,418	31,383,641	38,630,367	38,966,559
1,153,027	1,845,847	1,525,573	3,147,113	663,633	422,144
43,305,949	37,542,474	58,820,458	96,321,402	73,886,439	66,227,200
263,500	270,600	336,200	358,000	426,400	474,000
13,350	3,827	534	10,057	1,322,091	1,404,293
<u>293,887,599</u>	<u>301,748,214</u>	<u>343,905,627</u>	<u>401,008,239</u>	<u>402,784,213</u>	<u>423,258,204</u>
<u>(35,537,326)</u>	<u>(32,024,006)</u>	<u>(52,445,118)</u>	<u>(87,589,431)</u>	<u>(67,037,214)</u>	<u>(55,549,528)</u>
6,472,625	3,175,047	1,795,853	6,972,145	2,641,047	351,162
(6,472,625)	(1,929,047)	(347,053)	(4,985,145)	(891,326)	(351,162)
69,985,174	202,403,367	155,288,078	405,820,282	33,052,289	-
-	-	-	-	1,700	-
-	-	-	-	-	-
151,751	72,256	56,423	1,705	31,659	18,450
(71,355,694)	-	(154,255,497)	(215,160,178)	(41,800,902)	-
(23,720)	2,976,672	(1,750)	491,418	-	(3,123)
(1,242,489)	206,698,295	2,536,054	193,140,227	(6,965,533)	15,327
<u>\$ (36,779,815)</u>	<u>\$ 174,674,289</u>	<u>\$ (49,909,064)</u>	<u>\$ 105,550,796</u>	<u>\$ (74,002,747)</u>	<u>\$ (55,534,201)</u>
<u>17.44%</u>	<u>18.13%</u>	<u>20.03%</u>	<u>18.60%</u>	<u>20.52%</u>	<u>21.93%</u>

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

Fiscal Year	Real Property	Personal Property	Total	Tax Rate (2)
	Assessed Value (1)	Assessed Value (1)	Assessed Value (1)	
2009	\$ 8,331,111	\$ 1,075,681	\$ 9,406,792	\$ 1.490
2010	8,680,792	868,974	9,549,766	1.490
2011	8,858,830	901,495	9,760,325	1.530
2012	8,675,314	1,025,753	9,701,067	1.530
2013	8,928,439	1,186,715	10,115,154	1.530
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

(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)

<u>TAX RATES (PER \$100) (1)</u>									
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
2009	1.04	.45	1.49	0.66652	0.23577	0.57698	0.4497	0.579	0.19294
2010	1.04	.45	1.49	0.66652	0.24980	0.57698	0.4497	0.573264	0.19294
2011	1.04	.49	1.53	0.68975	0.27390	0.59292	0.4497	0.573264	0.19294
2012	1.04	.49	1.53	0.68975	0.277357	0.59135	0.4497	0.573	0.19294
2013	1.04	.49	1.53	0.68975	0.282867	0.60489	0.4497	0.573	0.19294
2014	1.04	.49	1.53	0.68975	0.284914	0.60489	0.4497	0.573	0.19294
2015	1.04	.50	1.54	0.68975	0.272200	0.59489	0.4390	0.573	0.19294
2016	1.04	.50	1.54	0.68975	0.262000	0.58489	0.4390	0.563	0.19294
2017	1.04	.50	1.54	0.68334	0.248409	0.58193	0.4390	0.563	0.19294
2018	1.06	0.48	1.54	.063786	0.237810	0.53686	0.4390	0.540	0.19294

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	2018		
		Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Well Services Division of STC	Oil and Gas	\$ 171,825	1	1.08%
Paccar Inc.	Truck Manufacturer	142,010	2	0.89%
Target Corporation	Distribution Center	120,663	3	0.76%
University of North Texas	Public University	90,891	4	0.57%
Texas Health Presbyterian	Hospital	77,094	5	0.48%
Southwire Company	Wire/Cable Manufacturer	64,633	6	0.41%
Columbia Medical Center	Hospital	64,500	7	0.40%
Winco Foods, LLC	Distribution Center	57,478	8	0.36%
AC Denton LLC	Student Housing Mgmt.	54,600	9	0.34%
The ESAB Group Inc.	Welding Apparatus	53,278	10	0.33%
Gel Timberlinks LLCD	Residential Developer			
Aldi (Texas) LLC	Wholesale Grocer			
Paccar, Inc.	Truck Manufacturer			
GTE Southwest Inc.	Communications Tech.			
Devon Energy Production Co.	Oil and Gas			
CHS Savannah LP	Residential Developer			
Value Family Properties	Residential Developer			
TOTAL		<u>\$ 896,972</u>		<u>5.62%</u>

Source of information: Denton Central Appraisal District

2009		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 76,906	2	0.82%
53,042	3	0.56%
83,900	1	0.89%
29,500	6	0.31%
25,555	8	0.27%
23,970	10	0.25%
37,108	5	0.39%
40,139	4	0.43%
25,093	9	0.27%
27,679	7	0.29%
<u>\$ 422,892</u>		<u>4.48%</u>

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

<u>Levy Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2008	\$ 140,161	\$ 136,754	97.6%	\$ 2,747	\$ 139,501
2009	142,291	139,947	98.4%	1,634	141,581
2010	145,429	143,143	98.4%	2,293	145,436
2011	148,426	146,577	98.8%	1,997	148,574
2012	154,762	152,993	98.8%	1,863	154,856
2013	162,095	160,468	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

(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>
99.53%	\$ 220	0.16%
99.50%	203	0.14%
100.01%	224	0.15%
100.10%	318	0.21%
100.06%	381	0.25%
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%

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)
2009	\$ 694,176,911	118,994	\$ 5,834	\$ 2,641,786	26.28%	\$ 9,406,792
2010	684,730,930	122,830	5,575	2,793,031	24.52%	9,549,766
2011	675,969,123	113,383	5,962	2,595,450	26.04%	9,760,325
2012	706,350,537	117,187	6,028	2,521,981	28.01%	9,701,067
2013	691,479,160	121,123	5,709	2,857,534	24.20%	10,115,154
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

Note: Net bonded debt consists of general obligation bonds, accreted interest, and premiums on bond issuance, less the deferred loss on bond refunding and 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
7.38%	\$660,045,475	\$ 5,547	24.98%	7.02%
7.17%	646,682,891	5,265	23.15%	6.77%
6.93%	631,490,966	5,570	24.33%	6.47%
7.28%	651,961,951	5,563	25.85%	6.72%
6.84%	628,138,257	5,186	21.98%	6.21%
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%

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DENTON INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018
(UNAUDITED)

Taxing Body	Debt Outstanding	% Overlapping (1)	Amount Overlapping
Aubrey, City of	\$ 8,000,000	100.00%	\$ 8,000,000
Bartonville, Town of	335,000	52.10%	174,535
Copper Canyon, Town of	1,705,000	27.28%	465,124
Corinth, City of	31,735,000	57.13%	18,130,206
Denton, City of	737,700,000	97.17%	716,823,090
Denton County	640,490,000	16.44%	105,296,556
Denton Co. FWSD #6	50,215,000	100.00%	50,215,000
Denton Co. FWSD #7	97,750,975	100.00%	97,750,975
Denton Co. FWSD #8-A	26,334,530	100.00%	26,334,530
Denton Co. FWSD #8-B	9,705,000	100.00%	9,705,000
Denton Co. FWSD #10	114,883,355	60.75%	69,791,638
Denton Co. FWSD #11-A	35,208,215	100.00%	35,208,215
Denton Co. FWSD #11-B	12,915,000	96.62%	12,478,473
Denton Co. FWSD #11-C	10,990,000	100.00%	10,990,000
Denton Co. MUD #4	10,410,000	100.00%	10,410,000
Denton Co. MUD #5	13,775,000	100.00%	13,775,000
Flower Mound, Town of	152,515,000	0.65%	991,348
Highway 380 MMD #1	12,925,000	100.00%	12,925,000
Little Elm, Town of	6,000,000	100.00%	6,000,000
Little Elm, Town of	4,700,000	100.00%	4,700,000
Little Elm, Town of	6,606,993	7.47%	493,542
Oak Point, City of	100,000	40.78%	40,780
Providence Village WC & ID	6,862,475	51.26%	3,517,705
Providence Village, Town of	26,335,000	41.98%	11,055,433
Total Overlapping Debt			1,225,272,150
Denton ISD	964,204,150	100.00%	964,204,150
Total Overlapping and Direct Debt			<u>\$2,189,476,300</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.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each entity's taxable assessed value that is within the District's boundaries and dividing it by each entity's total taxable assessed value.

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

Fiscal Year	2009	2010	2011	2012
Total Assessed Value	<u>\$9,406,791,745</u>	<u>\$9,549,766,309</u>	<u>\$9,760,324,966</u>	<u>\$9,701,066,797</u>
Debt Limit (10% of Total Assessed Value)	<u>\$ 940,679,174</u>	<u>\$ 954,976,630</u>	<u>\$ 976,032,496</u>	<u>\$ 970,106,679</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 653,259,277	\$ 640,151,302	\$ 623,946,013	\$ 642,485,696
Less Net Position in Debt Service Fund	<u>34,131,436</u>	<u>38,048,039</u>	<u>42,142,928</u>	<u>47,127,851</u>
Total Amount of Debt Applicable to Debt Limit	<u>619,127,841</u>	<u>602,103,263</u>	<u>581,803,085</u>	<u>595,357,845</u>
Legal Debt Margin	<u>\$ 321,551,333</u>	<u>\$ 352,873,367</u>	<u>\$ 394,229,411</u>	<u>\$ 374,748,834</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	65.82%	63.05%	59.61%	61.37%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>\$10,115,153,791</u>	<u>\$10,594,446,862</u>	<u>\$11,823,268,442</u>	<u>\$12,712,090,714</u>	<u>\$14,245,317,208</u>	<u>\$15,966,067,987</u>
<u>\$ 1,011,515,379</u>	<u>\$ 1,059,444,686</u>	<u>\$ 1,182,326,844</u>	<u>\$ 1,271,209,071</u>	<u>\$ 1,424,531,720</u>	<u>\$ 1,596,606,798</u>
<u>\$ 622,993,649</u>	<u>\$ 790,107,283</u>	<u>\$ 755,312,979</u>	<u>\$ 879,287,257</u>	<u>\$ 839,287,749</u>	<u>\$ 799,994,104</u>
<u>50,832,071</u>	<u>56,166,524</u>	<u>59,552,880</u>	<u>67,642,629</u>	<u>62,651,625</u>	<u>62,894,210</u>
<u>572,161,578</u>	<u>733,940,759</u>	<u>695,760,099</u>	<u>811,644,628</u>	<u>776,636,124</u>	<u>737,099,894</u>
<u>\$ 439,353,801</u>	<u>\$ 325,503,927</u>	<u>\$ 486,566,745</u>	<u>\$ 459,564,443</u>	<u>\$ 647,895,596</u>	<u>\$ 859,506,904</u>
56.56%	69.27%	58.85%	63.85%	54.52%	46.17%

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (dollars)</u>	<u>Unemployment Rate</u>
2008/2009	118,994	\$ 2,641,786	\$ 22,201	6.00%
2009/2010	122,830	2,793,031	22,739	6.90%
2010/2011	113,383	2,595,450	22,891	7.30%
2011/2012	117,187	2,521,981	21,521	6.40%
2012/2013	121,123	2,857,534	23,592	5.80%
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%

Source of Information: City of Denton "Statistical Trends and News of Denton" report.

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

School Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Early Childhood Facilities										
Buildings	2	2	3	3	3	3	3	3	3	3
Square Foot	49,418	49,418	109,809	109,809	109,809	109,809	109,809	109,809	109,809	109,809
Maximum capacity	385	499	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
Enrollment	498	388	813	921	953	729	813	904	910	1,144
Elementary Schools										
Buildings	20	20	21	21	21	21	22	22	23	23
Square Foot	1,568,266	1,643,788	1,739,469	1,741,161	1,755,811	1,755,811	1,840,645	1,840,645	1,928,551	1,927,266
Maximum capacity	12,932	15,977	16,878	16,898	16,984	16,984	17,708	17,708	18,556	18,556
Enrollment	11,254	11,508	11,927	12,275	12,567	12,652	12,718	12,629	12,926	13,081
Middle Schools										
Buildings	6	6	6	6	6	7	7	7	7	8
Square Foot	1,043,400	1,065,553	1,065,553	1,073,503	1,073,503	1,254,977	1,258,049	1,258,049	1,258,049	1,446,185
Maximum capacity	6,000	6,000	6,000	6,000	6,000	7,000	8,518	8,518	8,518	9,668
Enrollment	4,767	4,976	5,104	5,335	5,583	5,860	6,098	6,371	6,528	6,699
High Schools										
Buildings	5	5	5	5	5	5	5	5	6	6
Square Foot	1,365,316	1,487,176	1,487,176	1,487,176	1,533,548	1,533,548	1,533,548	1,533,548	2,060,286	2,053,374
Maximum capacity	10,166	10,166	10,166	10,166	10,166	10,166	11,071	11,071	14,584	14,584
Enrollment	5,497	5,685	5,988	6,207	6,611	6,806	7,117	7,392	8,018	8,496
Administration										
Buildings	10	10	10	10	10	10	10	10	11	12
Square Foot	268,095	268,095	274,239	274,239	274,849	274,849	274,081	274,081	274,849	296,137
Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Square Foot	14,336	14,336	14,336	14,336	14,336	14,336	15,872	15,872	15,872	15,872
Buses	188	152	163	171	186	188	176	186	195	195
Totals for DISD										
Buildings	44	44	46	46	46	47	48	48	51	53
Square Foot	4,308,831	4,528,366	4,690,582	4,700,224	4,761,856	4,943,330	5,032,004	5,032,004	5,647,416	5,848,643
Maximum capacity	29,483	32,642	34,178	34,198	34,284	35,284	38,431	38,431	42,792	43,942
Enrollment	22,016	22,557	22,832	24,738	25,714	26,047	26,746	27,296	28,382	29,420
Athletics										
Football Stadiums	4	4	4	4	4	4	4	4	5	5
Track Field	3	3	3	3	3	3	3	3	4	4
Baseball Fields	3	3	3	3	3	3	3	3	4	4
Softball Fields	3	3	3	3	3	3	3	3	4	4
Tennis Court Sites	8	8	8	8	8	10	10	10	11	12
Swimming Pools	1	1	1	1	1	1	1	1	1	1

Source of information: District records and District PEIMS report

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

Employer	Description	2018		Percentage of Total City Employment
		Employees	Rank	
University of North Texas	University	4,533	1	5.98%
Denton Independent School District	School District	4,417	2	5.82%
Peterbilt Motors	Truck Manufacturer	2,314	3	3.05%
Texas Woman's University	University	1,778	4	2.34%
Denton State Supported Living Center	State Agency	1,700	5	2.24%
Denton County	County Government	1,681	6	2.22%
City of Denton	Municipal Government	1,623	7	2.14%
Texas Health Presbyterian of Denton	Hospital/Healthcare	1,076	8	1.42%
Medical City-Denton	Hospital/Healthcare	950	9	1.25%
Sally Beauty Company, Inc.	Beauty Supplies Dist.	950	10	1.25%
Golden Triangle Mall	Retail Shopping			
FEMA	Government Agency			
Thermadyne Holding Corp.	Manufacturing			
TOTAL		<u>21,022</u>		<u>27.71%</u>

Source of Information: Denton Economic Development Partnership and U.S. Dept. of Labor

2009		
Employees	Rank	Percentage of Total City Employment
7,762	1	13.00%
3,249	2	5.44%
1,500	6	2.51%
1,586	3	2.66%
1,500	5	2.51%
1,565	4	2.62%
750	9	1.26%
867	7	1.45%
600	10	1.00%
<u>751</u>	8	<u>1.26%</u>
<u><u>20,130</u></u>		<u><u>33.71%</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>
2008-2009	22,016	\$ 182,054,326	\$ 8,269	5.54%	1,791	12.29
2009-2010	22,557	182,484,305	8,090	-2.16%	1,827	12.35
2010-2011	23,832	183,960,787	7,719	-4.58%	1,835.5	12.98
2011-2012	24,738	182,115,069	7,362	-4.63%	1,763.2	14.03
2012-2013	25,714	192,780,903	7,497	1.83%	1,794.5	14.33
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

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>
8,519	3,389	37.65%
8,951	3,255	40.91%
9,892	3,433	40.77%
10,689	3,564	41.91%
11,063	3,695	42.84%
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%

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>
2008-2009	1,791.0	364.0	87.0	28.0	2,270.0	250.3
2009-2010	1,826.5	389.5	87.0	27.0	2,330.0	217.4
2010-2011	1,835.5	418.6	88.7	18.0	2,360.8	257.3
2011-2012	1,763.2	394.8	84.7	15.0	2,257.7	210.7
2012-2013	1,794.5	427.0	86.9	13.3	2,321.7	217.5
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

Source of Information: District PEIMS report

Auxiliary Staff	Total Staff	% Change
729.1	3,249.4	10.21%
669.7	3,217.1	-0.99%
648.1	3,266.2	1.52%
598.8	3,067.2	-6.09%
588.0	3,127.2	1.96%
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%

DENTON INDEPENDENT SCHOOL DISTRICT
TEACHER SALARY DATA
JUNE 30, 2018

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 52,000	\$ 53,750	\$ 55,500
1	52,250	54,000	55,750
2	52,450	54,200	55,950
3	52,650	54,400	56,150
4	52,925	54,675	56,425
5	53,725	55,475	57,225
6	54,125	55,875	57,625
7	54,325	56,075	57,825
8	54,525	56,275	58,025
9	54,725	56,475	58,225
10	55,025	56,775	58,525
11	55,325	57,075	58,825
12	55,625	57,375	59,125
13	55,925	57,675	59,425
14	56,325	58,075	59,825
15	56,725	58,475	60,225
16	57,125	58,875	60,625
17	57,525	59,275	61,025
18	57,925	59,675	61,425
19	58,325	60,075	61,825
20	58,725	60,475	62,225
21	59,125	60,875	62,625
22	59,525	61,275	63,025
23	59,925	61,675	63,425
24	60,365	62,115	63,865
25+	61,590	63,340	65,090

Average Salary by Years of Experience

Beginning Teachers	\$ 51,903
1-5 Years of Experience	\$ 52,973
6-10 Years of Experience	\$ 54,927
11-20 Years of Experience	\$ 57,036
Over -20 Years of Experience	\$ 63,560

Average Actual Salaries

Teachers	\$ 56,117
Professional Staff	\$ 59,148
Campus Administration	\$ 82,573
Central Administration	\$ 125,579

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
2008/09	22,016	5.71%	20,659	5.74%	93.84%
2009/10	22,557	2.46%	21,299	3.10%	94.42%
2010/11	23,832	5.65%	22,454	5.42%	94.22%
2011/12	24,738	3.80%	23,440	4.39%	94.75%
2012/13	25,714	3.95%	24,088	2.76%	93.68%
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%

Source of information: Summary of Finance Texas Education Agency and 2017-18
District PEIMS report.

DENTON INDEPENDENT SCHOOL DISTRICT
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2018
(UNAUDITED)

Date of Organizaton: 1884

Forms of Government: Independent School District

Number of Employees:

Teachers	2,191
Other Professional	638
Paraprofessionals	349
Auxiliary	622
	<u>3,800</u>

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	5,848,643
Total acreage-campus	971.67
Total acreage-future growth	480.46

Facilities include:

	<u>Maximum Capacity</u>	<u>2017-18 Enrollment</u>	<u>Number of Facilities</u>
Senior high schools	14,584	8,496	6
Middle schools	9,668	6,699	8
Elementary schools	18,556	13,081	23
Early childhood	1,134	1,144	3
Total	<u>43,942</u>	<u>29,420</u>	<u>40</u>
Central services and annex			6
Special education services			1
Maintenance/Transportation			2
Natatorium			1
Technology Center			1
Athletic stadium complex			1
AEP facility			1
Total Facilities			<u>53</u>

Student Data:

National Merit Scholars Class of 2018	
Semi-finalists	1
Commended	21

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 76201

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, 2018, 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 13, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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*.

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.

A handwritten signature in cursive script that reads "Hankins, Eastup, Deaton, Tonn & Seay".

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

November 13, 2018

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 76201

Report on Compliance for Each Major Federal Program

We have audited Denton Independent School District's compliance with the types of compliance requirements described 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, 2018. Denton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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, 2018.

Report on Internal Control Over Compliance

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

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

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

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, PC
Denton, Texas

November 13, 2018

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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: None reported
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:
CFDA 93.575 Pre-K Partnership Planning Grant
CFDA 84.010A ESEA, Title I
CFDA 84.002A SSA-Adult Education (ABE)
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

DENTON INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000	01-061901	\$ 268,120
Total Direct Programs			268,120
TOTAL U.S. DEPARTMENT OF DEFENSE			268,120
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	01-061901	359,914
Total Direct Programs			359,914
<u>Passed through American Institute of Research</u>			
Descrubiendo La Lectura (DLL)	84.365	R305A160060	1,247
Total Passed through American Institute of Research			1,247
<u>Passed through Texas Workforce Commission</u>			
SSA - Adult Education (ABE) - Federal	84.002A	0416AEL004	1,090,194
SSA - Adult Education (ABE) - Federal	84.002A	0416AELB04	1,222,507
Total CFDA Number 84.002A			2,312,701
SSA - Temporary Assistance for Needy Families	93.558	0416AEL004	110,175
SSA - Temporary Assistance for Needy Families	93.558	0416AELB04	65,693
Total CFDA Number 93.558			175,868
Total Passed through Texas Workforce Commission			2,488,569
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101061901	27,410
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101061901	2,820,787
ESEA, Title I, Part D, Subpart 2	84.010A	17610103061901	2,253
ESEA, Title I, Part D, Subpart 2	84.010A	18610103061901	160,237
ESEA, Title I, School Improvement	84.010A	18610123061901	151,532
Total CFDA Number 84.010A			3,162,219
*IDEA - Part B, Formula	84.027	176600010619016600	86,152
*IDEA - Part B, Formula	84.027	186600010619016600	5,275,166
*SSA - IDEA - Part B, Discretionary Deaf	84.027	186600110619016673	83,151
Total CFDA Number 84.027			5,444,469
*IDEA - Part B, Preschool	84.173	186610010619016610	56,217
Total Special Education Cluster (IDEA)			5,500,686
SSA - Career and Technical - Basic Grant	84.048	17420006061901	19,158
SSA - Career and Technical - Basic Grant	84.048	18420006061901	227,770
Total CFDA Number 84.048			246,928
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	1839110106190139111	2,234
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	186950167110013	101,954
Title III, Part A - English Language Acquisition	84.365A	18671001061901	389,178
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	17694501061901	9,177
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501061901	544,402
Total CFDA Number 84.367A			553,579
ESEA, Title IV, Part A	84.424A	18680101061901	12,617
Summer School LEP	84.369A	69551702	3,017
Pre-K Partnership Planning Grant	93.575	173921017110011	223,072
Total Passed Through State Department of Education			10,195,484

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
TOTAL U.S. DEPARTMENT OF EDUCATION			13,045,214
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061901	33,681
Head Start	93.600	06CH7130-04-01	1,306,914
Total Direct Programs			1,340,595
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,340,595
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401701	1,424,334
*National School Lunch Program - Cash Assistance	10.555	71301701	5,612,327
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301701	967,807
Total CFDA Number 10.555			6,580,134
*Summer Feeding Program - Cash Assistance	10.559	TX061-1801	47,946
*Non Cash Assistance - Summer Feeding Program	10.559	TX061-1801	5,948
Total CFDA Number 10.559			53,894
Total Child Nutrition Cluster			8,058,362
Total Passed Through the State Department of Agriculture			8,058,362
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,058,362
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 22,712,291

*Clustered Programs

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state 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.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current position.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. 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 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 deferred revenues until earned.

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The period of availability for federal grant funds for the purposes of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
5. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total Expenditures of Federal Awards	\$22,712,291
Federal Excise Tax Rebate	400,213
Medicaid Reimbursement (SHARS)	<u>4,851,188</u>
Federal Revenues per Financial Statements	<u>\$27,963,692</u>

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