DENTON INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE

YEAR ENDED JUNE 30, 2019

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FOR THE YEAR ENDED JUNE 30, 2019

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CERTIFICATE OF BOARD

Denton Independent School District	Denton	061-901
Name of School District	County	Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such school district on the _____ day of November, 2019.

_____ Signature of Board Secretary

_____ Signature of Board President

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

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A PROFESSIONAL CORPORATION
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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, 2019, 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, 2019, 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.

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 7 through 14 and the Teacher Retirement System schedules on pages 70 through 77 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 12, 2019 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

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

November 12, 2019

DENTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
(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, 2019. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 17.

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 $52,680,561.

- The District's total net position increased by $21,393,140 during the current fiscal year from the result of current year operations.

- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of $681,703,390. Over 11% of this total amount ($78,041,879) 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 $78,041,879 was 29.09% 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 17 through 19). 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 20) 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 35) 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 17. 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 20 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-three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which are considered to be major funds. Data from the other thirty 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 20 through 25 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 33. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from a $74,073,701 deficit at June 30, 2018 to a $52,680,561 deficit at June 30, 2019. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of $136,733,777 at June 30, 2019. The current year operating increase was the result of several factors. First, the District's revenues exceeded expenditures by $62,835,541 (as adjusted for the effects of capital outlay and debt service principal payments.) However, the District recorded depreciation expense, which is a non-cash expense that reduces the carrying value of District assets, in the amount of $28,793,727. Also, various adjustments totaling $12,648,674 were posted to revenues and expenses to account for prepaid expenses, interest accruals and tax revenues earned during the period under the full accrual method of accounting.

In 2019, net position of our business-type activities increased by $519,111 from the results of current year operations. The business-type activities represent significant services to the community through the Child Nutrition program and the athletic stadium concession activities.

Table I
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 731,831,165	$ 302,003,894	$ 4,471,816	$ 3,699,431	$ 736,302,981	$ 305,703,325
Capital assets	770,533,684	750,477,125	496,727	555,080	771,030,411	751,032,205
Total assets	1,502,364,849	1,052,481,019	4,968,543	4,254,511	1,507,333,392	1,056,735,530
Deferred outflows of resources	134,814,756	92,216,705	3,642,292	1,516,239	138,457,048	93,732,944
Total assets and deferred outflows of resources	1,637,179,605	1,144,697,724	8,610,835	5,770,750	1,645,790,440	1,150,468,474
Long-term liabilities	1,580,875,520	1,110,327,878	10,062,834	7,364,108	1,590,938,354	1,117,691,986
Other liabilities	62,702,822	53,777,022	515,444	324,840	63,218,266	54,101,862
Total liabilities	1,643,578,342	1,164,104,900	10,578,278	7,688,948	1,654,156,620	1,171,793,848
Deferred inflows of resources	46,281,824	54,666,525	2,204,834	2,773,190	48,486,658	57,439,715
Total liabilities and deferred inflows of resources	1,689,860,166	1,218,771,425	12,783,112	10,462,138	1,702,643,278	1,229,233,563
Net Position:						
Net investments in capital assets	6,295,491	(10,138,170)	496,727	555,080	6,792,218	(9,583,090)
Restricted	77,757,725	64,285,079	-	-	77,757,725	64,285,079
Unrestricted	(136,733,777)	(128,220,610)	(4,669,004)	(5,246,468)	(141,402,781)	(133,467,078)
Total Net Position	$ (52,680,561)	$ (74,073,701)	$ (4,172,277)	$ (4,691,388)	$ (56,852,838)	$ (78,765,089)

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	$ 11,257,364	$ 8,918,631	$ 4,446,286	$ 4,293,495	$ 15,703,650	$ 13,212,126
Operating grants and contributions	39,348,932	(10,976,837)	7,782,154	7,504,468	47,131,086	(3,472,369)
General Revenues:						
Maintenance and operations taxes	189,411,396	170,646,472	-	-	189,411,396	170,646,472
Debt service taxes	85,628,999	77,152,046	-	-	85,628,999	77,152,046
State aid - formula grants	57,825,379	69,183,586	-	-	57,825,379	69,183,586
Grants and contributions	2,975,863	2,375,127	-	-	2,975,863	2,375,127
Interest earnings	13,863,066	3,939,413	34,271	13,119	13,897,337	3,952,532
Miscellaneous	416,574	249,530	-	-	416,574	249,530
Total Revenue	400,727,573	321,487,968	12,262,711	11,811,082	412,990,284	333,299,050
Expenses:						
Instruction, curriculum and media services	223,801,937	154,138,426	-	-	223,801,937	154,138,426
Instructional and school leadership	22,898,039	15,304,670	-	-	22,898,039	15,304,670
Student support services	27,555,296	17,312,852	-	-	27,555,296	17,312,852
Food services	272,746	254,236	11,656,118	9,724,186	11,928,864	9,978,422
Cocurricular activities	9,244,490	6,127,163	87,482	153,500	9,331,972	6,280,663
General administration	8,422,323	7,313,243	-	-	8,422,323	7,313,243
Plant maintenance, security and data processing	35,082,445	35,902,186	-	-	35,082,445	35,902,186
Community services	2,606,608	2,122,048	-	-	2,606,608	2,122,048
Debt services	47,332,316	32,632,325	-	-	47,332,316	32,632,325
Intergovernmental charges	2,118,233	1,878,293	-	-	2,118,233	1,878,293
Total Expenses	379,334,433	272,985,442	11,743,600	9,877,686	391,078,033	282,863,128
Increase (Decrease) in Net Position	21,393,140	48,502,526	519,111	1,933,396	21,912,251	50,435,922
Net Position - beginning of year	(74,073,701)	36,958,239	(4,691,388)	1,468,272	(78,765,089)	38,426,511
Prior period adjustment	-	(159,534,466)	-	(8,093,056)	-	(167,627,522)
Net Position - end of year	$ (52,680,561)	$(74,073,701)	$(4,172,277)	$(4,691,388)	$(56,852,838)	$ (78,765,089)

The prior period adjustment in 2018 represents the effect of the implementation of GASB 75 that was effective at the beginning of the 2018 fiscal year.

The dramatic change in operating grants and contributions activity from year to year of $50,325,769 is reflective of a negative adjustment in fiscal year 2018 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 sizable decrease in the District's Net OPEB Liability and a resulting negative OPEB expense in accordance with the newly implemented accounting standards. Under these standards, the District was required to report what is essentially both negative on-behalf expense 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 maintained the maintenance and operation property tax rate at $1.06 and the debt service rate at $0.48 for the fiscal year 2018-2019. The total tax rate necessary to fund the 2018-2019 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 2018 was $1,598,078,097 or 11.01%.

- 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 have been implemented each year since the 2013-2014 school year. The 2018-2019 Salary Compensation Plan included $4,500,000 in pay increases and adjustments.

The cost of all governmental activities for the current fiscal period was $379,334,433. However, as shown in the Statement of Activities on pages 18 and 19, the amount that our taxpayers ultimately financed for these activities through District taxes was only $275,040,395 because some of the costs were paid by those who directly benefited from the programs ($11,257,364) or by State equalization funding ($57,825,379).

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 $681,703,390 an increase of $427,840,120 from the prior year. Approximately 16 percent of this total amount ($106,358,622) 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 ($75,923,982), or for capital projects ($499,124,543), or already spent on prepaid items ($161,839), inventories ($133,404) 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 $78,041,879, while the total fund balance was $101,665,770. 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 29.09 percent of the total general fund expenditures, while the total fund balance represents 37.90 percent of that same amount.

The fund balance of the District's general fund increased by $10,239,825 during the current fiscal year, compared to a $7,390,269 increase in the previous year. Key factors related to this change are as follows:

- A $17,957,950 increase in property tax revenues combined with a $11,609,615 decrease in state per capita and foundation revenue contributed to a $10,776,559 overall increase in total revenues. Expenditures increased $9,658,274 or 3.73% with increases in most functional categories.

The debt service fund has a total fund balance of $75,930,190, 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 $13,035,980, compared to a $242,585 increase in the previous year. Tax revenues were $8,096,506 higher than the previous year and debt service expenditures were $13,546,893 higher.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund increased by $404,154,107 due primarily to $445,127,777 bond proceeds offset by $51,527,555 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, 2018). 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 $101,665,770 reported on page 20 differs from the General Fund's budgetary fund balance of $85,918,012 reported in the budgetary comparison schedule on page 28. This is principally due to cost savings in all functional expenditure categories.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $770,533,684 (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 $20,056,559, or 2.67 percent, above last year.

This fiscal year's major additions included:

Continuing construction costs on a new elementary school, paid for with proceeds of general obligation bonds issued in a prior year.	$20,378,193
Continuing construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds	3,191,171
Totaling	$23,569,364

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

Debt Administration

At year-end, the District had $1,210,973,212 in bonds outstanding (including accreted interest on bonds) versus $843,156,552 last year–an increase of 43.62 percent. New debt incurred during the fiscal period consisted of the issuance of $400,125,000 building bonds. 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 $1,777,168,844, 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 $1.47 per $100 of assessed value for 2019-2020. The M & O tax rate will decrease to $.99 and the debt service tax rate will remain at $0.48 for a total rate of $1.47. The district's certified values increased $1,910,765,060 or 11.85% for 2019.

State funding for 2019-2020 is projected to be $80,009,783 or 28.08% of the total budget compared to $64,839,023 or 24.57% for 2018-2019.

During the 86th Legislative Session changes were approved relating to compensation of school district employees. An amount equal to 30% of the overall gain in funding should be allocated to District employees, except for administrators. Of that amount 75% is to be allocated to teachers, counselors, librarians and nurses with a priority of differentiated compensation for classroom teachers with more than five years of experience. The remaining 25% is to be used for all other staff, except for administrators. The 2019-2020 Compensation Plan includes approximately $8,238,488 to be used for the increases included in HB3. In addition, staffing for the opening of Union Park Elementary School is included.

The main focus for the 2019-2020 budget was the projected increase in student enrollment of 2.31% while maintaining current programs, and the opening of the twenty-fourth elementary campus in August 2019. Denton ISD will receive approximately $15,170,760 more in state funding for 2019-2020 than in the prior year's adopted budget. Property tax collections are expected to increase by $4,992,502.

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

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DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	$ 703,422,232	$ 4,104,530	$ 707,526,762
1220	Property Taxes - Delinquent	4,713,616	-	4,713,616
1230	Allowance for Uncollectible Taxes	(201,793)	-	(201,793)
1240	Due from Other Governments	23,512,685	-	23,512,685
1260	Internal Balances	(27,670)	27,670	-
1290	Other Receivables, Net	73,410	6,110	79,520
1300	Inventories	137,812	333,506	471,318
1410	Prepayments	186,636	-	186,636
	Capital Assets:			
1510	Land	68,197,400	-	68,197,400
1520	Buildings, Net	651,784,432	-	651,784,432
1530	Furniture and Equipment, Net	10,385,086	496,727	10,881,813
1580	Construction in Progress	40,166,766	-	40,166,766
1990	Other Assets	14,237	-	14,237
1000	Total Assets	1,502,364,849	4,968,543	1,507,333,392
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	58,359,139	-	58,359,139
1705	Deferred Outflow Related to TRS Pension	57,705,547	2,749,052	60,454,599
1706	Deferred Outflow Related to TRS OPEB	18,750,070	893,240	19,643,310
1700	Total Deferred Outflows of Resources	134,814,756	3,642,292	138,457,048
LIABILITIES				
2110	Accounts Payable	11,132,495	53,461	11,185,956
2150	Payroll Deductions and Withholdings	2,171,179	-	2,171,179
2160	Accrued Wages Payable	27,479,834	43,316	27,523,150
2200	Accrued Expenses	20,502,656	-	20,502,656
2300	Unearned Revenue	1,416,658	418,677	1,835,335
	Noncurrent Liabilities:			
2501	Due Within One Year	46,898,393	-	46,898,393
2502	Due in More Than One Year	1,322,733,821	-	1,322,733,821
2540	Net Pension Liability (District's Share)	97,962,136	4,666,188	102,628,324
2545	Net OPEB Liability (District's Share)	113,281,170	5,396,636	118,677,806
2000	Total Liabilities	1,643,578,342	10,578,278	1,654,156,620
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to TRS Pension	10,459,589	498,288	10,957,877
2606	Deferred Inflow Related to TRS OPEB	35,822,235	1,706,546	37,528,781
2600	Total Deferred Inflows of Resources	46,281,824	2,204,834	48,486,658
NET POSITION				
3200	Net Investment in Capital Assets	6,295,491	496,727	6,792,218
	Restricted:			
3850	Restricted for Debt Service	75,923,982	-	75,923,982
3870	Restricted for Campus Activities	1,833,743	-	1,833,743
3900	Unrestricted	(136,733,777)	(4,669,004)	(141,402,781)
3000	Total Net Position	$ (52,680,561)	$ (4,172,277)	$ (56,852,838)

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, 2019

Data Control Codes		1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions
Primary Government:				
	GOVERNMENTAL ACTIVITIES:			
11	Instruction	$ 210,251,592	$ 243,390	$ 22,826,694
12	Instructional Resources and Media Services	5,194,839	-	315,780
13	Curriculum and Instructional Staff Development	8,355,506	-	3,220,998
21	Instructional Leadership	4,710,851	-	468,047
23	School Leadership	18,187,188	-	1,098,040
31	Guidance, Counseling and Evaluation Services	16,426,507	-	4,139,773
32	Social Work Services	768,493	-	135,186
33	Health Services	3,151,049	7,249,244	184,436
34	Student (Pupil) Transportation	7,209,247	-	2,335,797
35	Food Services	272,746	-	63,688
36	Extracurricular Activities	9,244,490	504,988	2,056,631
41	General Administration	8,422,323	-	1,198,947
51	Facilities Maintenance and Operations	25,395,357	316,989	16,620
52	Security and Monitoring Services	1,245,095	-	97
53	Data Processing Services	6,078,489	-	2,285
61	Community Services	2,606,608	2,942,753	145,164
72	Debt Service - Interest on Long-Term Debt	40,137,704	-	1,140,749
73	Debt Service - Bond Issuance Cost and Fees	7,194,612	-	-
81	Capital Outlay	2,363,504	-	-
93	Payments Related to Shared Services Arrangements	584,600	-	-
99	Other Intergovernmental Charges	1,533,633	-	-
	[TG] Total Governmental Activities:	379,334,433	11,257,364	39,348,932
	BUSINESS-TYPE ACTIVITIES:			
35	Enterprise Fund - National School Breakfast&Lunch	11,656,118	4,363,708	7,782,154
01	Stadium Concessions	87,482	82,578	-
	[TB] Total Business-Type Activities:	11,743,600	4,446,286	7,782,154
	[TP] TOTAL PRIMARY GOVERNMENT:	$ 391,078,033	$ 15,703,650	$ 47,131,086

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
	Primary Government	
Governmental Activities	Business Type Activities	Total
$ (187,181,508)	$ -	$ (187,181,508)
(4,879,059)	-	(4,879,059)
(5,134,508)	-	(5,134,508)
(4,242,804)	-	(4,242,804)
(17,089,148)	-	(17,089,148)
(12,286,734)	-	(12,286,734)
(633,307)	-	(633,307)
4,282,631	-	4,282,631
(4,873,450)	-	(4,873,450)
(209,058)	-	(209,058)
(6,682,871)	-	(6,682,871)
(7,223,376)	-	(7,223,376)
(25,061,748)	-	(25,061,748)
(1,244,998)	-	(1,244,998)
(6,076,204)	-	(6,076,204)
481,309	-	481,309
(38,996,955)	-	(38,996,955)
(7,194,612)	-	(7,194,612)
(2,363,504)	-	(2,363,504)
(584,600)	-	(584,600)
(1,533,633)	-	(1,533,633)
(328,728,137)	-	(328,728,137)
-	489,744	489,744
-	(4,904)	(4,904)
-	484,840	484,840
(328,728,137)	484,840	(328,243,297)
189,411,396	-	189,411,396
85,628,999	-	85,628,999
57,825,379	-	57,825,379
2,975,863	-	2,975,863
13,863,066	34,271	13,897,337
416,574	-	416,574
350,121,277	34,271	350,155,548
21,393,140	519,111	21,912,251
(74,073,701)	(4,691,388)	(78,765,089)
$ (52,680,561)	$ (4,172,277)	$ (56,852,838)

DENTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	ASSETS			
1110	Cash and Cash Equivalents	$ 112,554,323	$ 75,751,709	$ 509,108,302
1220	Property Taxes - Delinquent	3,242,951	1,470,665	-
1230	Allowance for Uncollectible Taxes	(136,756)	(65,037)	-
1240	Due from Other Governments	20,471,788	-	-
1260	Due from Other Funds	34,002	-	-
1290	Other Receivables	72,422	-	-
1300	Inventories	133,404	-	-
1410	Prepayments	148,867	6,208	-
1900	Other Assets	-	-	-
1000	Total Assets	$ 136,521,001	$ 77,163,545	$ 509,108,302
	LIABILITIES			
2110	Accounts Payable	$ 3,827,768	$ 26,746	$ 6,855,616
2150	Payroll Deductions and Withholdings Payable	2,171,179	-	-
2160	Accrued Wages Payable	26,153,030	-	-
2170	Due to Other Funds	29,723	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	32,181,700	26,746	6,855,616
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	2,673,531	1,206,609	-
2600	Total Deferred Inflows of Resources	2,673,531	1,206,609	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	133,404	-	-
3425	Endowment Principal	-	-	-
3430	Prepaid Items	148,867	6,208	-
	Restricted Fund Balance:			
3470	Capital Acquisition and Contractural Obligation	-	-	499,124,543
3480	Retirement of Long-Term Debt	-	75,923,982	-
	Committed Fund Balance:			
3545	Other Committed Fund Balance	-	-	-
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	23,341,620	-	3,128,143
3600	Unassigned Fund Balance	78,041,879	-	-
3000	Total Fund Balances	101,665,770	75,930,190	502,252,686
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 136,521,001	$ 77,163,545	$ 509,108,302

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

Other Funds	Total Governmental Funds
$ 1,943,552	$ 699,357,886
-	4,713,616
-	(201,793)
3,040,897	23,512,685
79	34,081
-	72,422
-	133,404
29,373	184,448
14,237	14,237
$ 5,028,138	$ 727,820,986
$ 397,994	$ 11,108,124
-	2,171,179
1,326,714	27,479,744
32,028	61,751
1,416,658	1,416,658
3,173,394	42,237,456
-	3,880,140
-	3,880,140
-	133,404
1,000	1,000
6,764	161,839
-	499,124,543
-	75,923,982
1,833,743	1,833,743
13,237	26,483,000
-	78,041,879
1,854,744	681,703,390
$ 5,028,138	$ 727,820,986

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DENTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$ 681,703,390
1	Assets and liabilities of the internal service funds are not included in the fund financial statements.	3,095,525
2	Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	1,129,532,596
3	Accumulated depreciation is not reported in the fund financial statements.	(358,998,912)
4	Bonds payable are not reported in the fund financial statements.	(1,167,039,104)
5	Bond premiums and discounts are not recognized in the fund financial statements.	(157,810,914)
6	Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(19,550,712)
7	Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	3,880,140
8	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 $97,962,136, a Deferred Resource Inflow related to TRS in the amount of $10,459,589, and a Deferred Resource Outflow related to TRS in the amount of $57,705,547. This amounted to a decrease in Net Position in the amount of $50,716,178.	(50,716,178)
9	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 $113,281,170, a Deferred Resource Inflow related to TRS OPEB in the amount of $35,822,235, and a Deferred Resource Outflow related to TRS OPEB in the amount of $18,750,070. This amounted to a decrease in Net Position in the amount of $130,353,335.	(130,353,335)
10	Accrued vacation benefits and special termination benefits have not been recorded in the fund financial statements.	(848,088)
11	Deferred charge on bond refundings is not recognized in the fund financial statements.	58,359,139
12	Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(43,934,108)
19	**Net Position of Governmental Activities**	$ (52,680,561)

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 197,705,598	$ 86,424,472	$ 10,154,644
5800	State Program Revenues	70,869,655	1,140,749	-
5900	Federal Program Revenues	8,527,066	-	-
5020	Total Revenues	277,102,319	87,565,221	10,154,644
	EXPENDITURES:			
	Current:			
0011	Instruction	167,558,607	-	7,058
0012	Instructional Resources and Media Services	4,403,614	-	-
0013	Curriculum and Instructional Staff Development	4,452,667	-	-
0021	Instructional Leadership	3,836,051	-	-
0023	School Leadership	15,264,383	-	-
0031	Guidance, Counseling and Evaluation Services	10,678,783	-	-
0032	Social Work Services	562,570	-	-
0033	Health Services	2,652,324	-	-
0034	Student (Pupil) Transportation	7,239,196	-	-
0035	Food Services	209,058	-	-
0036	Extracurricular Activities	6,894,086	-	139,708
0041	General Administration	7,476,919	-	-
0051	Facilities Maintenance and Operations	25,708,250	-	-
0052	Security and Monitoring Services	1,244,998	-	-
0053	Data Processing Services	5,559,196	-	94,300
0061	Community Services	2,260,184	-	-
	Debt Service:			
0071	Principal on Long-Term Debt	-	33,080,000	-
0072	Interest on Long-Term Debt	-	40,921,095	-
0073	Bond Issuance Cost and Fees	-	528,146	2,697,777
	Capital Outlay:			
0081	Facilities Acquisition and Construction	142,653	-	48,588,712
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	584,600	-	-
0099	Other Intergovernmental Charges	1,533,633	-	-
6030	Total Expenditures	268,261,772	74,529,241	51,527,555
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	8,840,547	13,035,980	(41,372,911)
	OTHER FINANCING SOURCES (USES):			
7911	Capital Related Debt Issued (Regular Bonds)	-	-	400,125,000
7912	Sale of Real and Personal Property	1,079	-	-
7915	Transfers In	1,851,920	-	399,241
7916	Premium or Discount on Issuance of Bonds	-	-	45,002,777
8911	Transfers Out (Use)	(407,654)	-	-
8949	Other (Uses)	(46,067)	-	-
7080	Total Other Financing Sources (Uses)	1,399,278	-	445,527,018
1200	Net Change in Fund Balances	10,239,825	13,035,980	404,154,107
0100	Fund Balance - July 1 (Beginning)	91,425,945	62,894,210	98,098,579
3000	Fund Balance - June 30 (Ending)	$ 101,665,770	$ 75,930,190	$ 502,252,686

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

Other Funds	Total Governmental Funds
$ 4,251,421	$ 298,536,135
2,399,057	74,409,461
12,992,786	21,519,852
19,643,264	394,465,448
11,527,471	179,093,136
139,111	4,542,725
2,567,478	7,020,145
237,659	4,073,710
185,800	15,450,183
2,889,367	13,568,150
100,509	663,079
9,669	2,661,993
108,667	7,347,863
63,688	272,746
1,272,998	8,306,792
590	7,477,509
16,620	25,724,870
97	1,245,095
-	5,653,496
122,101	2,382,285
-	33,080,000
-	40,921,095
-	3,225,923
-	48,731,365
-	584,600
-	1,533,633
19,241,825	413,560,393
401,439	(19,094,945)
-	400,125,000
-	1,079
10,689	2,261,850
-	45,002,777
(1,920)	(409,574)
-	(46,067)
8,769	446,935,065
410,208	427,840,120
1,444,536	253,863,270
$ 1,854,744	$ 681,703,390

DENTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

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, 2019

Total Net Change in Fund Balances - Governmental Funds	$	427,840,120
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.		48,850,286
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.		(28,793,727)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(6,684,692)
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.		1,010,788
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.		8,239,743
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.		(771,660)
The net profit (loss) of internal service funds is not included in the fund financial statements but is reported with governmental activities in the government-wide financial statements.		(1,264,745)
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.		33,080,000
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.		110,580
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 8/31/2018 caused the ending net position to increase in the amount of $5,517,068. Contributions made before the measurement but during the 2019 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 $973,796. These contributions were replaced with the District's pension expense for the year of $14,831,123, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by $8,340,259.		(8,340,259)

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

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made during the current fiscal year caused the ending net position to increase in the amount of $1,683,734. These contributions were replaced with the District's OPEB expense for the year, which was $4,470,280 and caused a decrease in net position. The impact of both of these is to decrease net position by $2,786,546.	(2,786,546)
Proceeds from bond sales are recorded as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements.	(400,125,000)
Premium received on bond sales are recorded as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements.	(45,003,059)
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)
Change in Net Position of Governmental Activities	$ 21,393,140

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

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 192,620,970	$ 197,472,651	$ 197,705,598	$ 232,947
5800	State Program Revenues	64,839,023	70,779,570	70,869,655	90,085
5900	Federal Program Revenues	4,540,000	8,109,854	8,527,066	417,212
5020	Total Revenues	261,999,993	276,362,075	277,102,319	740,244
	EXPENDITURES:				
	Current:				
0011	Instruction	165,891,382	171,839,336	167,558,607	4,280,729
0012	Instructional Resources and Media Services	4,307,447	4,522,356	4,403,614	118,742
0013	Curriculum and Instructional Staff Development	4,150,319	5,160,628	4,452,667	707,961
0021	Instructional Leadership	3,281,459	3,985,961	3,836,051	149,910
0023	School Leadership	14,525,053	15,551,981	15,264,383	287,598
0031	Guidance, Counseling and Evaluation Services	10,668,406	11,149,166	10,678,783	470,383
0032	Social Work Services	540,917	614,658	562,570	52,088
0033	Health Services	2,622,981	2,683,835	2,652,324	31,511
0034	Student (Pupil) Transportation	3,827,619	11,823,293	7,239,196	4,584,097
0035	Food Services	182,007	229,575	209,058	20,517
0036	Extracurricular Activities	7,508,121	7,307,067	6,894,086	412,981
0041	General Administration	7,821,916	7,973,328	7,476,919	496,409
0051	Facilities Maintenance and Operations	27,160,416	27,422,072	25,708,250	1,713,822
0052	Security and Monitoring Services	1,025,470	1,323,820	1,244,998	78,822
0053	Data Processing Services	5,019,467	5,739,820	5,559,196	180,624
0061	Community Services	3,328,343	2,905,895	2,260,184	645,711
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	899,942	142,653	757,289
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	474,000	601,000	584,600	16,400
0095	Payments to Juvenile Justice Alternative Ed. Prg.	28,500	-	-	-
0099	Other Intergovernmental Charges	1,486,170	1,533,633	1,533,633	-
6030	Total Expenditures	263,849,993	283,267,366	268,261,772	15,005,594
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,850,000)	(6,905,291)	8,840,547	15,745,838
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	1,079	1,079	-
7915	Transfers In	1,850,000	1,850,000	1,851,920	1,920
8911	Transfers Out (Use)	-	(407,654)	(407,654)	-
8949	Other (Uses)	-	(46,067)	(46,067)	-
7080	Total Other Financing Sources (Uses)	1,850,000	1,397,357	1,399,278	1,921
1200	Net Change in Fund Balances	-	(5,507,933)	10,239,825	15,747,758
0100	Fund Balance - July 1 (Beginning)	91,425,945	91,425,945	91,425,945	-
3000	Fund Balance - June 30 (Ending)	$ 91,425,945	$ 85,918,012	$ 101,665,770	$ 15,747,758

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

EXHIBIT D-1

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	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	$ 4,022,839	$ 81,691	$ 4,104,530	$ 4,064,346
Due from Other Funds	29,644	-	29,644	-
Other Receivables	6,110	-	6,110	988
Inventories	333,506	-	333,506	4,408
Prepayments	-	-	-	2,188
Total Current Assets	4,392,099	81,691	4,473,790	4,071,930
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	4,394,076	27,223	4,421,299	8,756
Depreciation on Furniture and Equipment	(3,897,349)	(27,223)	(3,924,572)	(8,756)
Total Noncurrent Assets	496,727	-	496,727	-
Total Assets	4,888,826	81,691	4,970,517	4,071,930
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow Related to TRS OPEB	893,240	-	893,240	-
Deferred Outflow Related to TRS Pensions	2,749,052	-	2,749,052	-
Total Deferred Outflows of Resources	3,642,292	-	3,642,292	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	53,461	-	53,461	24,371
Accrued Wages Payable	43,316	-	43,316	90
Due to Other Funds	1,974	-	1,974	-
Accrued Expenses	-	-	-	951,944
Unearned Revenues	418,677	-	418,677	-
Total Current Liabilities	517,428	-	517,428	976,405
NonCurrent Liabilities:				
Net Pension Liability	4,666,188	-	4,666,188	-
Net OPEB Liability	5,396,636	-	5,396,636	-
Total Noncurrent Liabilities	10,062,824	-	10,062,824	-
Total Liabilities	10,580,252	-	10,580,252	976,405
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow Related to TRS OPEB	1,706,546	-	1,706,546	-
Deferred Inflow Related to TRS Pensions	498,288	-	498,288	-
Total Deferred Inflows of Resources	2,204,834	-	2,204,834	-
NET POSITION				
Net Investment in Capital Assets	496,727	-	496,727	-
Unrestricted Net Position	(4,750,695)	81,691	(4,669,004)	3,095,525
Total Net Position	$ (4,253,968)	$ 81,691	$ (4,172,277)	$ 3,095,525

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

EXHIBIT D-2

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	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	$ 4,300,059	$ 82,578	$ 4,382,637	$ 1,328,525
State Program Revenues	63,649	-	63,649	-
Total Operating Revenues	4,363,708	82,578	4,446,286	1,328,525
OPERATING EXPENSES:				
Payroll Costs	5,075,337	42,043	5,117,380	196,459
Professional and Contracted Services	103,024	320	103,344	202,515
Supplies and Materials	6,273,237	43,666	6,316,903	72,375
Other Operating Costs	47,379	1,453	48,832	349,933
Depreciation Expense	157,141	-	157,141	-
Total Operating Expenses	11,656,118	87,482	11,743,600	821,282
Operating Income (Loss)	(7,292,410)	(4,904)	(7,297,314)	507,243
NONOPERATING REVENUES (EXPENSES):				
National School Breakfast Program	1,690,645	-	1,690,645	-
National School Lunch Program	5,402,543	-	5,402,543	-
Donated Commodities (USDA)	688,966	-	688,966	-
Earnings from Temporary Deposits & Investments	34,271	-	34,271	78,012
Total Nonoperating Revenues (Expenses)	7,816,425	-	7,816,425	78,012
Income (Loss) Before Transfers	524,015	(4,904)	519,111	585,255
Transfers Out	-	-	-	(1,850,000)
Change in Net Position	524,015	(4,904)	519,111	(1,264,745)
Total Net Position - July 1 (Beginning)	(4,777,983)	86,595	(4,691,388)	4,360,270
Total Net Position June 30 (Ending)	$(4,253,968)	$ 81,691	$(4,172,277)	$ 3,095,525

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, 2019

	Business-Type Activities			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received from District	$ -	$ -	$ -	$ 1,011,360
Cash Received from Charges and Fees	4,543,585	82,578	4,626,163	324,005
Cash Payments for Payroll Costs	(5,088,142)	(42,043)	(5,130,185)	(198,535)
Cash Payments for Purchased Services	(89,075)	(320)	(89,395)	(186,550)
Cash Payments for Supplies and Materials	(6,475,734)	(43,666)	(6,519,400)	(70,354)
Cash Payments for Other Expenses	(47,379)	(1,453)	(48,832)	(95,421)
Cash Payments for Claims	-	-	-	(393,357)
Net Cash Provided by (Used for) Operating Activities	(7,156,745)	(4,904)	(7,161,649)	391,148
Cash Flows from Non-Capital Financing Activities:				
Cash Received from Federal Programs	7,782,154	-	7,782,154	-
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Assets	(98,788)	-	(98,788)	-
Transfers Out	-	-	-	(1,850,000)
Change in Pension Liability Accounts	265,727	-	265,727	-
Change in OPEB Liability Accounts	(261,420)	-	(261,420)	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	(94,481)	-	(94,481)	(1,850,000)
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	34,271	-	34,271	78,012
Net Increase (Decrease) in Cash and Cash Equivalents	565,199	(4,904)	560,295	(1,380,840)
Cash and Cash Equivalents at Beginning of Year	3,457,640	86,595	3,544,235	5,445,186
Cash and Cash Equivalents at End of Year	$ 4,022,839	$ 81,691	$ 4,104,530	$ 4,064,346

The accompanying notes are an integral part of this statement.

EXHIBIT D-3

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss):	$ (7,292,410)	$ (4,904)	$ (7,297,314)	$ 507,243
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	157,141	-	157,141	-
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	(2,459)	-	(2,459)	6,840
Decrease (increase) in Inv./Prepayments	(202,497)	-	(202,497)	2,230
Decrease (increase) in Due from Other Gov.	6,469	-	6,469	-
Increase (decrease) in Accounts Payable	5,929	-	5,929	15,756
Increase (decrease) in Accrued Wages Payable	(12,805)	-	(12,805)	(2,076)
Increase (decrease) in Accrued Expenses	-	-	-	(138,845)
Increase (decrease) in Due to/from Other Funds	(13,603)	-	(13,603)	-
Increase (decrease) in Unearned Revenues	197,490	-	197,490	-
Net Cash Provided by (Used for) Operating Activities	$ (7,156,745)	$ (4,904)	$ (7,161,649)	$ 391,148

The accompanying notes are an integral part of this statement.

EXHIBIT E-1

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 815,693
Total Assets	$ 815,693
LIABILITIES	
Accounts Payable	$ 3,429
Accrued Wages Payable	61
Due to Student Groups	812,203
Total Liabilities	$ 815,693

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

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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.

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.

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.

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.

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, 2019 Fund Balance
Appropriated Budget Funds	$ –0–
Nonappropriated Budget Funds	1,840,507
All Special Revenue Funds	$1,840,507

E. 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.

F. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current fiscal year to provide services occurring in the subsequent fiscal year, and the amount of prepayments has been recognized as nonspendable fund balance to signify that a portion of fund balance is not available for other subsequent expenditures.

G. 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.

H. INTERFUND RECEIVABLES AND PAYABLES

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

I. 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

J. 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.

K. 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.

L. 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.

M. 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.

N. 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 quality 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, 2019 was $58,359,139.

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, 2019 was $57,705,547.

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, 2019 was $18,750,070.

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, 2019 was $3,880,140.

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 2019, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of $10,459,589.

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 2018 measurement year). In fiscal year 2019, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of $35,822,235.

O. 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 2019, 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.

P. ESTIMATES

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

NOTE 2. FUND BALANCE

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

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

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

- 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, 2019 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, 2019 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 20 and 21) and are described below:

General Fund

The General Fund has unassigned fund balance of $78,041,879 at June 30, 2019. Deferred expenditures (prepaid items) of $148,867 and inventories of $133,404 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2019:

Extended School Day program	$ 5,306,490
Non-bond new campus startup	301,414
Transportation	2,002,508
Per pupil campus allotment	2,423,553
Local grant funds	1,385,667
Career and Technology program	1,126,227
Bilingual program	13,602
Fine Arts program	59,802
Major maintenance projects	2,169,922
Technology	5,303,004
Athletics	2,681,557
Vehicles/buses/equipment	567,874
	$23,341,620

Other Major Funds

The Debt Service Fund has restricted funds of $75,923,982 at June 30, 2019 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. Deferred expenditures (prepaid items) of $6,208 are considered nonspendable fund balance. The Capital Projects Fund has restricted funds of $499,124,543 at June 30, 2019 consisting of unspent bond funds and $3,128,143 of non-bond funds assigned for future capital replacement projects.

Other Funds

The fund balance of $1,840,507 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, 2019, while the accumulated unspent earnings of $13,237 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, 2019, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was $9,083,355 and the bank balance was $9,375,939. The District's cash deposits at June 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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, 2019, the District's cash balances totaled $9,375,939. 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, 2019, the District held all of its investments in five public funds investment pools (TexPool, Lone Star, Texas Term, Texas Class and TexStar). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool, Texas Term, Texas Class and TexStar at year-end was AAAm (Standard & Poor's), and the credit quality rating for Lone Star was AAAf (Standard & Poor's).

d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, TexStar, Texas Term, Texas Class and Lone Star investments is less than 60 days.

e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2019, 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 Interiocal 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, 2019, are shown below:

Name	Carrying Amount	Fair Value
TexPool	$ 94,903,014	$ 94,903,014
TexStar	118,355,596	118,355,596
Lone Star	231,975,030	231,975,030
Texas Term	127,005,429	127,005,429
Texas Class	127,019,811	127,019,811
Total	$699,258,880	$699,258,880

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

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Adjustments	Balance June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 67,205,006	$ 992,394	$ -	$ 68,197,400
Construction in Progress	30,416,116	38,286,188	(28,535,538)	40,166,766
Total capital assets, not being depreciated	97,621,122	39,278,582	(28,535,538)	108,364,166
Capital assets, being depreciated:				
Buildings and Improvements	933,433,446	35,920,050	-	969,353,496
Furniture and Equipment	49,627,742	2,187,192	-	51,814,934
Total capital assets, being depreciated	983,061,188	38,107,242	-	1,021,168,430
Less accumulated depreciation for:				
Buildings and Improvements	(290,862,431)	(26,706,633)	-	(317,569,064)
Furniture and Equipment	(39,342,754)	(2,087,094)	-	(41,429,848)
Total accumulated depreciation	(330,205,185)	(28,793,727)	-	(358,998,912)
Total capital assets being depreciated, net	652,856,003	9,313,515	-	662,169,518
Governmental activities capital assets, net	$ 750,477,125	$ 48,592,097	$ (28,535,538)	$ 770,533,684
Business-type activities:				
Furniture and Equipment	$ 4,322,511	$ 98,787	$ -	$ 4,421,298
Totals at historic cost	4,322,511	98,787	-	4,421,298
Less accumulated depreciation for:				
Furniture and Equipment	(3,767,431)	(157,140)	-	(3,924,571)
Total accumulated depreciation	(3,767,431)	(157,140)	-	(3,924,571)
Business-type activities capital assets net	$ 555,080	$ (58,353)	$ -	$ 496,727

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

Governmental activities:	
Instruction	$20,201,837
Instructional Resources & Media Services	471,777
Curriculum & Instructional Staff Development	668,275
Instructional Leadership	401,971
School Leadership	1,805,828
Guidance, Counseling & Evaluation Services	1,581,995
Social Work Services	70,017
Health Services	310,661
Student (Pupil) Transportation	694,526
Cocurricular/Extracurricular Activities	554,379
General Administration	778,042
Plant Maintenance and Operations	609,271
Data Processing Services	444,367
Community Services	200,781
Total depreciation expense-Governmental activities	$28,793,727
Business-type activities:	
Food Services	$ 157,140
Stadium Concessions	-
Total depreciation expense Business-type activities	$ 157,140

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds, 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.

The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2019:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/18	Additions	Refunded/ Retired	Amounts Outstanding 6/30/19	Due Within One Year
Bonded Indebtedness:							
2001 Bldg/Refunding	3.64-4.40%	60,920,000	$ 11,440,000	$ -	$ 1,725,000	$ 9,715,000	$ 1,780,000
2005A Building	Variable	46,500,000	42,900,000	-	1,890,000	41,010,000	1,950,000
2006B Building	Variable	30,000,000	30,000,000	-	-	30,000,000	-
2009 Refunding	4.00-5.25%	31,875,000	8,865,000	-	4,235,000	4,630,000	4,630,000
2011 Refunding	2.00-5.00%	24,325,000	11,715,000	-	2,765,000	8,950,000	2,885,000
2012A Building	Variable	40,000,000	7,860,000	-	7,860,000	-	-
2012B Refunding	2.00-5.00%	57,210,000	55,615,000	-	560,000	55,055,000	540,000
2012C Refunding	2.00-2.50%	24,875,000	12,695,000	-	3,235,000	9,460,000	3,170,000
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	68,710,000	-	1,145,000	67,565,000	2,570,000
2014B Building	2.00%	69,075,000	69,075,000	-	-	69,075,000	-
2014C Refunding	2.00-5.00%	14,435,000	11,740,000	-	2,465,000	9,275,000	2,580,000
2015 Refunding	3.00-5.00%	118,775,000	117,480,000	-	3,670,000	113,810,000	3,860,000
2015A Building	2.00-5.00%	164,580,000	162,460,000	-	3,530,000	158,930,000	2,325,000
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	-
2018 Building	3.00-5.00%	400,125,000	-	400,125,000	-	400,125,000	7,630,000
Total Bonded Indebtedness			799,994,104	400,125,000	33,080,000	1,167,039,104	33,920,000
Accreted Interest	4.10-5.20%		43,162,448	771,660	-	43,934,108	4,406,984
Premiums on Bond Issuance			121,047,598	45,003,059	8,239,743	157,810,914	8,239,743
Accrued Vacation Benefits			945,466	342,270	446,314	841,422	325,000
Special Termination Benefits			13,202	-	6,536	6,666	6,666
Total Other Obligations			165,168,714	46,116,989	8,692,593	202,593,110	12,978,393
Total Obligations of District			$ 965,162,818	$446,241,989	$41,772,593	$1,369,632,214	$46,898,393

The 2016 bond series includes outstanding capital appreciation bonds in the principal amount of $1,549,104. The bonds mature variously beginning in 2019 through 2031. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

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, 2019.

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, 2019, 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.

Year Ended June 30	Principal	Interest	Total Requirements
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	2,030,000	1,407,796	3,437,796
2025-2029	11,370,000	5,609,551	16,979,551
2030-2034	13,590,000	2,894,906	16,484,906
2035-2036	6,240,000	275,747	6,515,747
Totals	$ 41,010,000	$ 16,673,954	$ 57,683,954

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.

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, 2019, 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 June 30	Principal	Interest	Total Requirements
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	860,000	1,548,581	2,408,581
2025-2029	5,210,000	6,971,232	12,181,232
2030-2034	6,410,000	5,455,383	11,865,383
2035-2036	17,520,000	926,949	18,446,949
Totals	$ 30,000,000	$ 21,186,545	$ 51,186,545

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, 2019, 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 $7,583,719. The District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement as such agreement had a negative fair value of $9,092,801. Collectively, as of June 30, 2019, the Swap Agreements had a net negative fair value of $16,676,520.

As of June 30, 2019, JPMCB was rated "Aa2," "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.

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):

Year Ended June 30	Principal	Interest	Total Requirements
2020	$ 31,970,000	$ 48,778,396	$ 80,748,396
2021	29,628,016	52,859,339	82,487,355
2022	24,962,371	48,514,250	73,476,621
2023	19,228,434	57,917,688	77,146,122
2024	16,908,618	57,247,128	74,155,746
2025-2029	157,986,665	228,755,392	386,742,057
2030-2034	206,700,000	165,424,451	372,124,451
2035-2039	206,740,000	119,409,325	326,149,325
2040-2044	210,575,000	67,813,562	278,388,562
2045-2049	191,330,000	22,469,250	213,799,250
	$1,096,029,104	$869,188,781	$1,965,217,885

NOTE 7. DEFEASED BONDS OUTSTANDING

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. 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, 2019, $173,850,000 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.

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, 2019 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 June 30	Total Payments
2020	$ 6,799
Total	$ 6,799
Present Value	$ 6,666

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, 2018	$ 945,466
Additions – New Entrants and Salary Increments	342,270
Deductions – Payments to Participants	(446,314)
Balance, June 30, 2019	$ 841,422

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 $1,533,633 in fiscal year 2019 for appraising property.

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2018-19 fiscal year was based was $17,771,688,442. 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, 2019, 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, 2019 were 99.00% 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, 2019, property taxes receivable, net of estimated uncollectible taxes, totaled $3,106,195 and $1,405,628 for the General and Debt Service Funds, respectively.

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

NOTE 11. DEFINED BENEFIT PENSION PLAN

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

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

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.

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. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

Contribution Rates

	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Denton ISD FY2019 Employer Contributions	$	6,490,864
Denton ISD FY2019 Member Contributions	$	15,878,948
Denton ISD 2019 NECE On-Behalf Contributions	$	9,419,312

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.
- 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases Including Inflation	3.05% 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, 2017 and adopted in July, 2018.

Discount Rate. The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11%	1.1%	0.1%
Absolute Return	0%	-	-
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	-0.3%	-
Real Return			
Global Inflation Linked Bonds	3%	0.7%	-
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	0%	-	-
Risk Parity			
Risk Parity	5%	3.7%	0.2%
Inflation Expectation			2.3%
Volatility Drag	0%		-0.8%
Total	100%		7.2%

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 (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Denton ISD's proportionate share of the net pension liability:	$154,890,758	$102,628,324	$60,318,796

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, Denton Independent School District reported a liability of $102,628,324 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	$102,628,324
State's proportionate share that is associated with the District	153,999,324
Total	$256,627,648

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.1864531229%, an increase of 4.52% from its proportionate share of 0.1783958534 % at August 31, 2017.

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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, 2019, Denton Independent School District recognized pension expense of $15,241,829 and revenue of $15,241,829 for support provided by the State.

At June 30, 2019, 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	$ 639,701	$ 2,518,094
Changes in actuarial assumptions	37,002,454	1,156,328
Difference between projected and actual investment earnings	5,333,521	7,280,820
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	11,961,855	2,635
Contributions paid to TRS subsequent to the measurement date	5,517,068	-
Total	$60,454,599	$10,957,877

$5,517,068 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, 2020. 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
2019	$ 11,524,705
2020	7,426,751
2021	6,320,048
2022	7,494,826
2023	6,880,406
Thereafter	4,332,918

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.

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 a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees		
	Medicare	**Non-Medicare**
January 1, 2018 thru December 31, 2018		
Retiree*	$ 135	$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* *or surviving spouse*

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

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.

Contribution Rates

	2018	2019
Active Employee	**0.65%**	**0.65%**
Non-Employer Contributing Entity (State)	**1.25%**	**1.25%**
Employers	**0.75%**	**0.75%**
Federal/private Funding remitted by Employers	**1.25%**	**1.25%**

Denton ISD FY19 Employer Contributions	**$1,683,734**
Denton ISD FY19 Member Contributions	**$1,340,435**
Denton ISD 2019 NECE On-behalf Contributions	**$2,356,327**

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 $182.6 million in fiscal year 2018. The 85th Texas Legislative House Bill 30 provided an additional $212 million one-time, supplemental funding for the FY 2018-19 biennium to continue to support the program. This was also received in FY 2018 bringing the total appropriations received in fiscal year 2018 to $394.6 million.

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The 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 was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%
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	3.05% to 9.05%, including inflation
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 3.69% was used to measure the total OPEB liability. There was an increase of .27 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.

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 (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of the Net OPEB Liability:	$141,267,348	$118,677,806	$100,808,003

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 of 8.5%.

	1% Decrease (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
District's proportionate share of the Net OPEB Liability:	$98,563,851	$118,677,806	$145,168,336

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2019, the District reported a liability of $118,677,806 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	$118,677,806
State's proportionate share that is associated with the District	170,791,151
Total	$289,468,957

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.2376840183%, an increase of 8.24% from its proportionate share of 0.2195815632% at August 31, 2017.

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability $2.3 billion.

The following are changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period. The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and proves a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan years 2018 through 2021, requiring members to contribute $200 per month toward their health insurance premiums.

For the year ended June 30, 2019, the District recognized OPEB expense of $2,356,327 and revenue of $2,356,327 for support provided by the State.

At June 30, 2019, 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	$ 6,297,790	$ 1,872,910
Changes in actuarial assumptions	1,980,411	35,655,871
Difference between projected and actual investment earnings	20,755	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	9,925,192	-
Contributions paid to TRS subsequent to the measurement date	1,419,162	-
Total	$19,643,310	$37,528,781

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
2020	$ (3,436,193)
2021	(3,436,193)
2022	(3,436,193)
2023	(3,440,118)
2024	(3,442,363)
Thereafter	(2,113,573)

NOTE 13. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2019, the contribution made on behalf of the District was $631,093.

NOTE 14. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2019, were as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund:		
Special Revenue Fund	$32,028	$ 79
Enterprise Fund	1,974	29,644
Special Revenue Fund:		
General Fund	79	32,028
Enterprise Fund:		
General Fund	29,644	1,974
TOTAL	$63,725	$63,725

Interfunds transfers for the year ended June 30, 2019 consisted of the following individual amounts:

Fund	Transfers to Other Funds	Transfers from Other Funds
General Fund:		
Capital Projects Fund	$ 399,241	$ -
Special Revenue Fund	8,413	1,920
Internal Service Fund	-	1,850,000
Capital Projects Fund:		
General Fund	-	399,241
Special Revenue Fund:		
General Fund	1,920	8,413
Fiduciary Fund	-	2,276
Internal Service Fund:		
General Fund	1,850,000	-
Fiduciary Fund:		
Special Revenue Fund	2,276	-
TOTAL	$2,261,850	$2,261,850

The purpose of the $399,241 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 $1,920 transfer is to transfer a portion of the aquatic program loss to the campus activity fund. The purpose of the $1,850,000 transfer is to transfer excess funds from the healthcare internal service fund to the general fund for use in operations.

NOTE 15. HEALTH CARE

During the year ended June 30, 2019, employees of Denton Independent School District were covered by a health insurance plan (the Plan). The District contributed $260 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded plan.

NOTE 16. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2019, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	$3,242,951	$20,471,788	$ 34,002	$ 72,422	$23,821,163
Debt Service Fund	1,470,665	-	-	-	1,470,665
Capital Projects Fund	-	-	-	-	-
Special Revenue Fund	-	3,040,897	79	-	3,040,976
Total - Governmental Activities	$4,713,616	$23,512,685	$ 34,081	$ 72,422	$28,332,804
Amounts not scheduled for collection during the subsequent year	$ 201,793	$ -	$ -	$ -	$ 201,793
Business-type Activities:					
Enterprise Fund	$ -	$ -	$ 29,644	$ 6,110	$ 35,754
Internal Service Fund	-	-	-	988	988
Total Business-type Activities	$ -	$ -	$ 29,644	$ 7,098	$ 36,742

Payables at June 30, 2019, were as follows:

	Accounts	Salaries and Benefits	Due To Other Funds	Other	Total Payables
Governmental Activities:					
General Fund	$ 3,827,768	$28,324,209	$ 29,723	$ -	$32,181,700
Debt Service Fund	26,746	-	-	-	26,746
Capital Projects Fund	6,855,616	-	-	-	6,855,616
Special Revenue Funds	397,994	1,326,714	32,028	-	1,756,736
Total-Governmental Activities	$11,108,124	$29,650,923	$ 61,751	$ -	$40,820,798
Amounts not scheduled for payment during the subsequent year	$ -	$ -	$ -	$ -	$ -
Business-type Activities:					
Enterprise Fund	$ 53,461	$ 43,316	$ 1,974	$ -	$ 98,751
Internal Service Fund	24,371	90	-	951,944	976,405
Total Business-type Activities	$ 77,832	$ 43,406	$ 1,974	$ 951,944	$ 1,075,156

NOTE 17. SELF-INSURED WORKERS' COMPENSATION

The District has also established a self-funding Workers' Compensation program. Texas Association of School Boards (TASB) through an actuarial review of the self-insurance program, projected an estimated outstanding loss of $951,944 as of June 30, 2019. Claims administration is provided by TASB.

The accrued liability for Workers' Compensation self-insurance of $951,944 includes incurred but not reported claims. This liability reported in the fund at June 30, 2019, 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 2019 was $500,000.

Changes in the workers' compensation claims liability amounts in fiscal 2018 and 2019 are represented below:

	Year Ended June 30, 2018	Year Ended June 30, 2019
Unpaid claims, beginning of year	$1,312,136	$1,090,789
Incurred claims (including IBNR'S)	511,098	603,766
Claim payments	732,445	742,611
Unpaid claims, end of fiscal year	$1,090,789	$ 951,944

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, 2019, 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	$19,982,408	$ 471,705	$17,675	$20,471,788
Special Revenue	395,855	2,645,042	-	3,040,897
Total	$20,378,263	$3,116,747	$17,675	$23,512,685

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, 2019, the estimated rebate liability on outstanding bond series was $46,887.

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.

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	$187,632,258	$ -	$84,977,085	$ -	$272,609,343
Investment Income	2,550,160	-	1,105,003	10,129,891	13,785,054
Penalties, interest and other tax related income	1,077,880	-	342,384	-	1,420,264
Co-curricular student activities	504,988	3,043,457	-	-	3,548,445
Tuition and fees	3,186,143	887,953	-	-	4,074,096
Gifts and bequests	2,002,355	320,011	-	-	2,322,366
Facilities rentals	311,876	-	-	-	311,876
Insurance recovery	5,113	-	-	-	5,113
Other	434,825	-	-	24,753	459,578
Total	$197,705,598	$4,251,421	$86,424,472	$10,154,644	$298,536,135

NOTE 22. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Enterprise Fund	Total
Lunchroom Receipts	$ -	$ -	$187,163	$187,163
Food Commodities	-	-	231,514	231,514
State Textbook Fund	-	666,682	-	666,682
A.I.R.-DLL	-	7,962	-	7,962
Summer School LEP	-	6,778	-	6,778
Ready to Read	-	485	-	485
Advanced Placement Incentives	-	153,452	-	153,452
Deaf Ed Mgmt Board	-	581,203	-	581,203
Summer Feeding Program	-	96	-	96
	$ -	$1,416,658	$418,677	$1,835,335

NOTE 23. GENERAL FUND FEDERAL SOURCE REVENUES

Program or Source	CFDA Number	Amount	Total Grant or Entitlement
General Fund:			
Medicaid Reimbursement	N/A	$7,249,244	$7,249,244
Junior ROTC	12.000	233,949	233,949
Indirect Costs	N/A	1,043,873	1,043,873
Total for General Fund		$8,527,066	$8,527,066

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 no functional categories for the year ended June 30, 2019.

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, 2019, the District had no students in the program for whom it was required to make contributions.

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REQUIRED SUPPLEMENTARY INFORMATION

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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.186453122%	0.178395853%	0.169962597%
District's Proportionate Share of Net Pension Liability (Asset)	$ 102,628,324	$ 57,041,383	$ 64,226,338
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	153,999,324	88,702,720	103,415,412
Total	$ 256,627,648	$ 145,744,103	$ 167,641,750
District's Covered Payroll	$ 199,791,322	$ 187,413,154	$ 174,953,893
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	51.37%	30.44%	36.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

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, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only five 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."

FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.1691892%	0.1151618%
$ 59,806,130	$ 30,761,310
97,157,049	83,661,060
$ 156,963,179	$ 114,422,370
$ 163,821,034	$ 154,554,318
36.51%	19.92%
78.43%	83.25%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	$ 6,490,864	$ 6,223,824	$ 5,786,378
Contribution in Relation to the Contractually Required Contribution	(6,490,864)	(6,223,824)	(5,786,378)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 206,220,120	$ 197,367,842	$ 185,528,986
Contributions as a Percentage of Covered Payroll	3.15%	3.15%	3.12%

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 years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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."

2016	2015
$ 5,322,188	$ 4,666,408
(5,322,188)	(4,666,408)
$ -	$ -
$ 173,396,127	$ 163,129,441
3.07%	2.86%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.237684018%	0.219581563%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 118,677,806	$ 95,487,785
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	170,791,151	146,774,672
Total	$ 289,468,957	$ 242,262,457
District's Covered Payroll	$ 199,791,322	$ 187,413,154
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	59.40%	50.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	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 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	$ 1,683,734	$ 1,558,100
Contribution in Relation to the Contractually Required Contribution	(1,683,734)	(1,558,100)
Contribution Deficiency (Excess)	$ -0-	$ -0-
District's Covered Payroll	$ 206,220,120	$ 197,367,842
Contributions as a Percentage of Covered Payroll	0.82%	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.

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

OPEB LIABILITY:

Changes of benefit terms:

The following are changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period. The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and proves a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan years 2018 through 2021, requiring members to contribute $200 per month toward their health insurance premiums.

Changes of assumptions:

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability $2.3 billion.

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COMBINING SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		203 Child Care Development Block Grant	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
	ASSETS				
1110	Cash and Cash Equivalents	$ 356	$ (121,361)	$ (328,299)	$ (637,585)
1240	Due from Other Governments	-	309,485	680,645	1,085,659
1260	Due from Other Funds	-	-	-	-
1410	Prepayments	-	-	7,200	417
1900	Other Assets	-	-	-	-
1000	Total Assets	$ 356	$ 188,124	$ 359,546	$ 448,491
	LIABILITIES				
2110	Accounts Payable	$ 356	$ -	$ 22,850	$ 3,723
2160	Accrued Wages Payable	-	176,963	330,786	437,336
2170	Due to Other Funds	-	11,161	5,910	7,432
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	356	188,124	359,546	448,491
	FUND BALANCES				
	Nonspendable Fund Balance:				
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
	Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 356	$ 188,124	$ 359,546	$ 448,491

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	281 A.I.R.-DLL
$ (40,650)	$ 664	$ (32,342)	$ (47,086)	$ (29,177)	$ -	$ -	$ 7,962
50,289	813	47,916	154,460	75,709	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,200	-	-	-	-
-	-	-	-	-	-	-	-
$ 9,639	$ 1,477	$ 15,574	$ 110,574	$ 46,532	$ -	$ -	$ 7,962
$ -	$ -	$ 2,326	$ 75,424	$ 13	$ -	$ -	$ -
9,469	1,477	15,124	34,816	46,422	-	-	-
170	-	(1,972)	334	97	-	-	-
-	-	96	-	-	-	-	7,962
9,639	1,477	15,574	110,574	46,532	-	-	7,962
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 9,639	$ 1,477	$ 15,574	$ 110,574	$ 46,532	$ -	$ -	$ 7,962

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		282 NCTCOG Grant	288 Summer School LEP	289 ESEA Title IV Part A	309 SSA Adult Basic Education
	ASSETS				
1110	Cash and Cash Equivalents	$ (46,921)	$ 26,936	$ (12,356)	$ (122,192)
1240	Due from Other Governments	46,921	-	1,749	128,952
1260	Due from Other Funds	-	-	-	-
1410	Prepayments	-	-	11,792	-
1900	Other Assets	-	-	-	-
1000	Total Assets	$ -	$ 26,936	$ 1,185	$ 6,760
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ 5,349
2160	Accrued Wages Payable	-	20,158	1,185	1,002
2170	Due to Other Funds	-	-	-	409
2300	Unearned Revenue	-	6,778	-	-
2000	Total Liabilities	-	26,936	1,185	6,760
	FUND BALANCES				
	Nonspendable Fund Balance:				
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
	Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ -	$ 26,936	$ 1,185	$ 6,760

312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	331 SSA - Career & Technical - Basic Grant	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	425 Ready to Read
$ (4,202)	$ (10,506)	$ (13,199)	$ -	$ -	$ 153,452	$ 863,286	$ 485
5,194	32,380	24,870	-	-	-	10,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 992	$ 21,874	$ 11,671	$ -	$ -	$ 153,452	$ 873,286	$ 485
$ 992	$ -	$ 1,262	$ -	$ -	$ -	$ 206,604	$ -
-	20,825	9,903	-	-	-	-	-
-	1,049	506	-	-	-	-	-
-	-	-	-	-	153,452	666,682	485
992	21,874	11,671	-	-	153,452	873,286	485
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 992	$ 21,874	$ 11,671	$ -	$ -	$ 153,452	$ 873,286	$ 485

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		429 Grow Your Own	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf	446 Deaf Ed Mgmt Board
	ASSETS				
1110	Cash and Cash Equivalents	$ (451)	$ (105,584)	$ (143,829)	$ 675,866
1240	Due from Other Governments	3,814	144,504	237,537	-
1260	Due from Other Funds	-	79	-	-
1410	Prepayments	-	-	-	-
1900	Other Assets	-	-	-	-
1000	Total Assets	$ 3,363	$ 38,999	$ 93,708	$ 675,866
	LIABILITIES				
2110	Accounts Payable	$ 3,363	$ 96	$ -	$ 3,364
2160	Accrued Wages Payable	-	38,903	88,411	89,664
2170	Due to Other Funds	-	-	5,297	1,635
2300	Unearned Revenue	-	-	-	581,203
2000	Total Liabilities	3,363	38,999	93,708	675,866
	FUND BALANCES				
	Nonspendable Fund Balance:				
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
	Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 3,363	$ 38,999	$ 93,708	$ 675,866

461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	479 Permanent Fund	Total Nonmajor Governmental Funds
$ 1,910,285	$ 1,943,552	$ -	$ 1,943,552
-	3,040,897	-	3,040,897
-	79	-	79
6,764	29,373	-	29,373
-	-	14,237	14,237
$ 1,917,049	$ 5,013,901	$ 14,237	$ 5,028,138
$ 72,272	$ 397,994	$ -	$ 397,994
4,270	1,326,714	-	1,326,714
-	32,028	-	32,028
-	1,416,658	-	1,416,658
76,542	3,173,394	-	3,173,394
-	-	1,000	1,000
6,764	6,764	-	6,764
1,833,743	1,833,743	-	1,833,743
-	-	13,237	13,237
1,840,507	1,840,507	14,237	1,854,744
$ 1,917,049	$ 5,013,901	$ 14,237	$ 5,028,138

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	203 Child Care Development Block Grant	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	31,242	1,328,372	3,195,542	4,161,282
5020 Total Revenues	31,242	1,328,372	3,195,542	4,161,282
EXPENDITURES:				
Current:				
0011 Instruction	26,794	1,103,861	2,153,775	837,651
0012 Instructional Resources and Media Services	-	-	14,661	-
0013 Curriculum and Instructional Staff Development	4,197	53,328	822,133	605,945
0021 Instructional Leadership	251	-	1,224	80,311
0023 School Leadership	-	34,553	56,945	-
0031 Guidance, Counseling and Evaluation Services	-	-	72,738	2,634,917
0032 Social Work Services	-	91,736	8,773	-
0033 Health Services	-	6,451	-	1,684
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	38,443	65,293	774
6030 Total Expenditures	31,242	1,328,372	3,195,542	4,161,282
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ -

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	281 A.I.R.-DLL
$ -	$ -	$ 32	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
67,309	26,234	63,656	529,174	340,341	61,746	130,772	12,917
67,309	26,234	63,688	529,174	340,341	61,746	130,772	12,917
67,309	3,000	-	66,829	47,320	-	63,294	12,667
-	-	-	-	-	-	-	-
-	-	-	461,045	285,011	-	-	250
-	-	-	-	832	-	7,846	-
-	-	-	1,300	1,554	-	-	-
-	23,234	-	-	-	-	59,632	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	61,746	-	-
-	-	63,688	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,624	-	-	-
67,309	26,234	63,688	529,174	340,341	61,746	130,772	12,917
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	282 NCTCOG Grant	288 Summer School LEP	289 ESEA Title IV Part A	309 SSA Adult Basic Education
REVENUES:				
5700 Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	46,921	20,422	143,440	2,315,729
5020 Total Revenues	46,921	20,422	143,440	2,315,729
EXPENDITURES:				
Current:				
0011 Instruction	-	15,550	110,227	2,164,208
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	3,761	25,398	88,886
0021 Instructional Leadership	-	-	-	50,101
0023 School Leadership	-	151	2,670	-
0031 Guidance, Counseling and Evaluation Services	-	-	5,145	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	960	-	-
0034 Student (Pupil) Transportation	46,921	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	12,534
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	46,921	20,422	143,440	2,315,729
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ -

312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	331 SSA - Career & Technical - Basic Grant	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	425 Ready to Read
$ -	$ -	$ -	$ -	$ -	$ -	$ 1,748	$ -
-	-	-	-	12,565	238	1,362,765	22
106,949	87,299	320,969	2,183	-	-	-	-
106,949	87,299	320,969	2,183	12,565	238	1,364,513	22
103,301	87,299	163,685	2,183	12,565	238	1,321,923	-
-	-	-	-	-	-	-	22
2,616	-	54,861	-	-	-	42,000	-
1,032	-	12,584	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	89,839	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	590	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
106,949	87,299	320,969	2,183	12,565	238	1,364,513	22
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	429 Grow Your Own	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf	446 Deaf Ed Mgmt Board
REVENUES:				
5700 Total Local and Intermediate Sources	$ -	$ -	$ -	$ 886,206
5800 State Program Revenues	3,814	490,859	528,794	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	3,814	490,859	528,794	886,206
EXPENDITURES:				
Current:				
0011 Instruction	-	464,542	513,747	820,534
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	1,000	14,338	-	6,238
0021 Instructional Leadership	-	8,997	15,047	59,434
0023 School Leadership	874	-	-	-
0031 Guidance, Counseling and Evaluation Services	1,940	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	2,982	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	3,814	490,859	528,794	886,206
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ -

461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	479 Permanent Fund	Total Nonmajor Governmental Funds
$ 3,363,428	$ 4,251,414	$ 7	$ 4,251,421
-	2,399,057	-	2,399,057
287	12,992,786	-	12,992,786
3,363,715	19,643,257	7	19,643,264
1,364,969	11,527,471	-	11,527,471
124,428	139,111	-	139,111
96,471	2,567,478	-	2,567,478
-	237,659	-	237,659
87,753	185,800	-	185,800
1,922	2,889,367	-	2,889,367
-	100,509	-	100,509
574	9,669	-	9,669
-	108,667	-	108,667
-	63,688	-	63,688
1,272,998	1,272,998	-	1,272,998
-	590	-	590
1,104	16,620	-	16,620
97	97	-	97
11,967	122,101	-	122,101
2,962,283	19,241,825	-	19,241,825
401,432	401,432	7	401,439
10,689	10,689	-	10,689
(1,920)	(1,920)	-	(1,920)
8,769	8,769	-	8,769
410,201	410,201	7	410,208
1,430,306	1,430,306	14,230	1,444,536
$ 1,840,507	$ 1,840,507	$ 14,237	$ 1,854,744

EXHIBIT H-3

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	752 Print Shop	753 Workers Compensation	771 Healthcare Trust Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 48,596	$ 3,021,204	$ 994,546	$ 4,064,346
Other Receivables	988	-	-	988
Inventories	4,408	-	-	4,408
Prepayments	-	2,188	-	2,188
Total Current Assets	53,992	3,023,392	994,546	4,071,930
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	8,756	-	-	8,756
Depreciation on Furniture and Equipment	(8,756)	-	-	(8,756)
Total Noncurrent Assets	-	-	-	-
Total Assets	53,992	3,023,392	994,546	4,071,930
LIABILITIES				
Current Liabilities:				
Accounts Payable	3,316	21,055	-	24,371
Accrued Wages Payable	90	-	-	90
Accrued Expenses	-	951,944	-	951,944
Total Liabilities	3,406	972,999	-	976,405
NET POSITION				
Unrestricted Net Position	50,586	2,050,393	994,546	3,095,525
Total Net Position	$ 50,586	$ 2,050,393	$ 994,546	$ 3,095,525

EXHIBIT H-4

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	752 Print Shop	753 Workers Compensation	771 Healthcare Trust Fund	Total Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	$ 324,993	$ 1,003,176	$ 356	$ 1,328,525
Total Operating Revenues	324,993	1,003,176	356	1,328,525
OPERATING EXPENSES:				
Payroll Costs	165,343	31,116	-	196,459
Professional and Contracted Services	148,949	52,575	991	202,515
Supplies and Materials	61,875	10,500	-	72,375
Other Operating Costs	-	349,933	-	349,933
Total Operating Expenses	376,167	444,124	991	821,282
Operating Income (Loss)	(51,174)	559,052	(635)	507,243
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	-	48,314	29,698	78,012
Total Nonoperating Revenues (Expenses)	-	48,314	29,698	78,012
Income (Loss) Before Transfers	(51,174)	607,366	29,063	585,255
Transfers Out	-	(1,000,000)	(850,000)	(1,850,000)
Change in Net Position	(51,174)	(392,634)	(820,937)	(1,264,745)
Total Net Position - July 1 (Beginning)	101,760	2,443,027	1,815,483	4,360,270
Total Net Position June 30 (Ending)	$ 50,586	$ 2,050,393	$ 994,546	$ 3,095,525

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	752 Print Shop	753 Workers Compensation	771 Healthcare Trust Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received from District	$ -	$ 1,011,004	$ 356	$ 1,011,360
Cash Received from Charges and Fees	324,005	-	-	324,005
Cash Payments for Payroll Costs	(167,419)	(31,116)	-	(198,535)
Cash Payments for Purchased Services	(154,248)	(31,520)	(782)	(186,550)
Cash Payments for Supplies and Materials	(59,854)	(10,500)	-	(70,354)
Cash Payments for Other Expenses	-	(95,421)	-	(95,421)
Cash Payments for Claims	-	(393,357)	-	(393,357)
Net Cash Provided by (Used for) Operating Activities	(57,516)	449,090	(426)	391,148
Cash Flows from Capital & Related Financing Activities:				
Transfers Out	-	(1,000,000)	(850,000)	(1,850,000)
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	-	48,314	29,698	78,012
Net Decrease in Cash and Cash Equivalents	(57,516)	(502,596)	(820,728)	(1,380,840)
Cash and Cash Equivalents at Beginning of Year	106,112	3,523,800	1,815,274	5,445,186
Cash and Cash Equivalents at End of Year	$ 48,596	$ 3,021,204	$ 994,546	$ 4,064,346
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss):	$ (51,174)	$ 559,052	$ (635)	$ 507,243
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	(988)	7,828	-	6,840
Decrease (increase) in Inv./Prepayments	2,021	-	209	2,230
Increase (decrease) in Accounts Payable	(5,299)	21,055	-	15,756
Increase (decrease) in Accrued Wages Payable	(2,076)	-	-	(2,076)
Increase (decrease) in Accrued Expenses	-	(138,845)	-	(138,845)
Net Cash Provided by (Used for) Operating Activities	$ (57,516)	$ 449,090	$ (426)	$ 391,148

REQUIRED T.E.A. SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2010 and prior years	Various	Various	$ Various
2011	1.040000	0.490000	9,760,324,966
2012	1.040000	0.490000	9,701,066,797
2013	1.040000	0.490000	10,115,153,791
2014	1.040000	0.490000	10,594,446,862
2015	1.040000	0.500000	11,823,268,442
2016	1.040000	0.500000	12,712,090,714
2017	1.040000	0.500000	14,245,317,208
2018	1.060000	0.480000	15,966,067,987
2019 (School year under audit)	1.060000	0.480000	17,771,688,442
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
$ 244,604	$ -	$ 9,296	$ 3,468	$ 943	$ 232,783
45,770	-	6,409	3,020	353	36,694
51,245	-	10,075	4,747	1,085	37,508
113,322	-	57,639	27,157	21,958	50,484
156,754	-	73,191	34,484	48,952	98,031
384,334	-	91,480	43,981	(55,929)	192,944
459,988	-	137,921	66,308	109,667	365,426
601,216	-	180,227	86,647	48,466	382,808
1,992,661	-	803,417	363,812	(234,438)	590,994
-	273,684,002	186,503,598	84,454,460	-	2,725,944
$ 4,049,894	$ 273,684,002	$ 187,873,253	$ 85,088,084	$ (58,943)	$ 4,713,616

EXHIBIT J-2

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 4,458,988	$ 4,281,491	$ 4,300,059	$ 18,568
5800	State Program Revenues	70,000	63,649	63,649	-
5020	Total Revenues	4,528,988	4,345,140	4,363,708	18,568
	EXPENDITURES:				
	Current:				
0035	Food Services	11,624,966	12,339,918	11,656,118	683,800
6030	Total Expenditures	11,624,966	12,339,918	11,656,118	683,800
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,095,978)	(7,994,778)	(7,292,410)	702,368
	OTHER FINANCING SOURCES (USES):				
7952	National School Breakfast Program	1,412,535	1,688,404	1,690,645	2,241
7953	National School Lunch Program	4,872,443	5,398,719	5,402,543	3,824
7954	Donated Commodities (USDA)	811,000	877,366	688,966	(188,400)
7955	Investment Income	-	30,289	34,271	3,982
7080	Total Other Financing Sources (Uses)	7,095,978	7,994,778	7,816,425	(178,353)
1200	Change in Net Position	-	-	524,015	524,015
0100	Total Net Position - July 1 (Beginning)	(4,777,983)	(4,777,983)	(4,777,983)	-
3000	Total Net Position - June 30 (Ending)	$ (4,777,983)	$ (4,777,983)	$ (4,253,968)	$ 524,015

EXHIBIT J-3

DENTON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 85,389,604	$ 86,348,991	$ 86,424,472	$ 75,481
5800	State Program Revenues	1,180,704	1,174,484	1,140,749	(33,735)
5020	Total Revenues	86,570,308	87,523,475	87,565,221	41,746
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	33,080,000	33,080,000	33,080,000	-
0072	Interest on Long-Term Debt	52,561,838	40,921,095	40,921,095	-
0073	Bond Issuance Cost and Fees	925,000	794,931	528,146	266,785
6030	Total Expenditures	86,566,838	74,796,026	74,529,241	266,785
1200	Net Change in Fund Balances	3,470	12,727,449	13,035,980	308,531
0100	Fund Balance - July 1 (Beginning)	62,894,210	62,894,210	62,894,210	-
3000	Fund Balance - June 30 (Ending)	$ 62,897,680	$ 75,621,659	$ 75,930,190	$ 308,531

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FEDERAL AWARDS SECTION

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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, 2019, 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 12, 2019.

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.

Hankins, Eastup, Deaton, Tonn & Seay

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

November 12, 2019

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

HANKINS, EASTUP, DEATON, TONN & SEAY
A PROFESSIONAL CORPORATION
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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, 2019. 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, 2019.

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

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

November 12, 2019

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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 93.600 Head Start
   CFDA 84.027 IDEA-B Cluster

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, 2019

None

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY			
Passed Through North Central Texas Council of Gov.			
NCTCOG Grant	66.039	TRN5074	$ 46,921
Total Passed Through North Central Texas Council of Gov.			46,921
TOTAL ENVIRONMENTAL PROTECTION AGENCY			46,921
U.S. DEPARTMENT OF DEFENSE			
Direct Programs			
ROTC	12.000	01-061901	233,949
Total Direct Programs			233,949
TOTAL U.S. DEPARTMENT OF DEFENSE			233,949
U.S. DEPARTMENT OF EDUCATION			
Passed through American Institute of Research			
Descrubiendo La Lectura (DLL)	84.365	R305A160060	12,917
Total Passed through American Institute of Research			12,917
Passed through Texas Workforce Commission			
SSA - Adult Education (ABE) - Federal	84.002A	0418ALA000	2,362,654
SSA - Temporary Assistance for Needy Families	93.558	0418ALA000	109,216
Total Passed through Texas Workforce Commission			2,471,870
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101061901	50,392
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101061901	3,098,211
ESEA, Title I, Part D, Subpart 2	84.010A	18610103061901	3,660
ESEA, Title I, Part D, Subpart 2	84.010A	19610103061901	146,886
Total CFDA Number 84.010A			3,299,149
*IDEA - Part B, Formula	84.027	186600010619016600	719,771
*IDEA - Part B, Formula	84.027	196600010619016600	3,555,012
Total CFDA Number 84.027			4,274,783
*IDEA - Part B, Discretionary	84.027A	2265431911023	26,234
*SSA - IDEA - Part B, Discretionary	84.027	196600110619016673	87,299
*IDEA - Part B, Preschool	84.173	186610010619016610	28,423
*IDEA - Part B, Preschool	84.173	196610010619016610	38,886
Total CFDA Number 84.173			67,309
Total Special Education Cluster (IDEA)			4,455,625
SSA - Career and Technical - Basic Grant	84.048	18420006061901	12,086
SSA - Career and Technical - Basic Grant	84.048	19420006061901	308,883
Total CFDA Number 84.048			320,969
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	193911010619013911 1	2,183
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	196950167110013	61,746
Title III, Part A - English Language Acquisition	84.365A	18671001061901	5,605
Title III, Part A - English Language Acquisition	84.365A	19671001061901	340,193
Total CFDA Number 84.365A			345,798
ESEA, Title II, Part A, Teacher Principal Training	84.367A	18694501061901	5,839
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501061901	540,720
Total CFDA Number 84.367A			546,559

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA, Title IV, Part A	84.424A	19680101061901	148,171
Summer School LEP	84.369A	69551802	20,422
Child Care Development Block Grant	93.575	173921017110011	31,242
Total Passed Through State Department of Education			9,231,864
TOTAL U.S. DEPARTMENT OF EDUCATION			11,716,651
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs			
Medicaid Administrative Claiming Program - MAC	93.778	01-061901	130,772
Head Start	93.600	06CH7130-04-01	1,328,372
Total Direct Programs			1,459,144
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,459,144
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Agriculture			
*School Breakfast Program	10.553	71401801	1,690,645
*National School Lunch Program - Cash Assistance	10.555	7131801	6,152,542
*National School Lunch Prog. - Non-Cash Assistance	10.555	7131801	688,966
Total CFDA Number 10.555			6,841,508
*Summer Feeding Program - Cash Assistance	10.559	TX061-1901	59,152
*Non Cash Assistance - Summer Feeding Program	10.559	TX061-1901	4,792
Total CFDA Number 10.559			63,944
Total Child Nutrition Cluster			8,596,097
Total Passed Through the State Department of Agriculture			8,596,097
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,596,097
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 22,052,762

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

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, 2019, 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	$22,052,762
Medicaid Reimbursement (SHARS)	7,249,244
Federal Revenues per Financial Statements	$29,302,006

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