

**DENTON INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED JUNE 30, 2021**

DENTON INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	3	
Independent Auditors' Report	5	
Management's Discussion and Analysis	7	
<u>Basic Financial Statements</u>		
Government Wide Statements:		
Statement of Net Position	17	A-1
Statement of Activities	18	B-1
Governmental Fund Financial Statements:		
Balance Sheet	20	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	24	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26	C-4
Budgetary Comparison Schedule-General Fund	28	C-5
Proprietary Fund Financial Statements:		
Statement of Net Position	29	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	30	D-2
Statement of Cash Flows	31	D-3
Custodial Fund Financial Statements:		
Statement of Custodial Net Position	33	E-1
Statement of Changes in Custodial Fund Net Position	34	E-2
Notes to the Financial Statements	35	
<u>Required Supplementary Information</u>		
Schedule of the District's Proportionate Share of the Net Pension		
Liability - Teacher Retirement System of Texas	70	G-1
Schedule of District Contributions for Pensions - Teacher Retirement System of Texas	72	G-2
Schedule of the District's Proportionate Share of the Net OPEB		
Liability - Teacher Retirement System of Texas	74	G-3
Schedule of District Contributions for Other Post Employment Benefits (OPEB) - Teacher Retirement System of Texas	75	G-4
Notes to Required Supplementary Information	76	
<u>Combining Schedules</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	78	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	86	H-2
Internal Service Funds:		
Combining Statement of Net Position	94	H-3
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	95	H-4
Combining Statement of Cash Flows	96	H-5

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>	<u>Exhibit</u>
<u>Required TEA Schedules</u>		
Schedule of Delinquent Taxes	98	J-1
Budgetary Comparison Schedule - Child Nutrition Fund	100	J-2
Budgetary Comparison Schedule - Debt Service Fund	101	J-3
<u>Federal Awards Section</u>		
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 <i>Government Auditing Standards</i>	105	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	107	
Schedule of Findings and Questioned Costs	109	
Status of Prior Year Findings	110	
Schedule of Expenditures of Federal Awards	111	K-1
Notes to Schedule of Expenditures of Federal Awards	114	

CERTIFICATE OF BOARD

Denton Independent School District  
Name of School District

Denton  
County

061-901  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved \_\_\_\_\_ disapproved for the year ended June 30, 2021, at a meeting of the Board of Trustees of such school district on the 16th day of November, 2021.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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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, 2021, 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, 2021, 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*

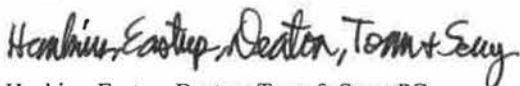
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 7 through 14 and the Teacher Retirement System schedules on pages 70 through 76 be presented to supplement the basic financial statements. Such information, although 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 15, 2021 on our consideration of Denton Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton Independent School District's internal control over financial reporting and compliance.



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

November 15, 2021

**DENTON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(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, 2021. 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 assets and deferred outflows of resources of Denton Independent School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a net position of \$11,072,368.
- The District's total net position increased by \$45,356,486 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 \$679,010,986. Over 11% of this total amount (\$80,565,496) 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 \$80,578,579 was 27.45% 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-four 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-one 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 custodial net position and a separate statement of changes in custodial fund net position that can be found on pages 33 and 34. 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 \$34,284,118 deficit at June 30, 2020 to a \$11,072,368 positive balance at June 30, 2021. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of \$149,959,682 at June 30, 2021. The current year operating increase was the result of several factors. First, the District's revenues exceeded expenditures by \$53,260,080 (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 \$31,855,464. Also, various adjustments totaling \$23,951,870 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 2021, net position of our business-type activities decreased by \$1,799,578 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 774,319,270	\$ 646,247,938	\$ 781,672	\$ 3,638,937	\$ 775,100,942	\$ 649,886,875
Capital assets	1,061,018,126	862,132,927	2,715,029	1,052,948	1,063,733,155	863,185,875
Total assets	1,835,337,396	1,508,380,865	3,496,701	4,691,885	1,838,834,097	1,513,072,750
Deferred outflows of resources	153,690,521	124,961,002	3,230,548	3,662,901	156,921,069	128,623,903
Total assets and deferred outflows of resources	1,989,027,917	1,633,341,867	6,727,249	8,354,786	1,995,755,166	1,641,696,653
Long-term liabilities	1,789,484,031	1,518,028,130	9,962,725	10,374,003	1,799,446,756	1,528,402,133
Other liabilities	108,545,467	83,471,421	613,273	1,052,168	109,158,740	84,523,589
Total liabilities	1,898,029,498	1,601,499,551	10,575,998	11,426,171	1,908,605,496	1,612,925,722
Deferred inflows of resources	79,926,051	66,126,434	4,454,447	3,432,233	84,380,498	69,558,667
Total liabilities and deferred inflows of resources	1,977,955,549	1,667,625,985	15,030,445	14,858,404	1,992,985,994	1,682,484,389
Net Position:						
Net investments in capital assets	60,883,980	34,082,184	2,715,029	1,039,565	63,599,009	35,121,749
Restricted	100,148,070	80,898,878	-	-	100,148,070	80,898,878
Unrestricted	(149,959,682)	(149,265,180)	(11,018,225)	(7,543,183)	(160,977,907)	(156,808,363)
Total Net Position	\$ 11,072,368	\$ (34,284,118)	\$ (8,303,196)	\$ (6,503,618)	\$ 2,769,172	\$ (40,787,736)

**Table II**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 9,303,023	\$ 7,991,152	\$ 933,267	\$ 3,614,333	\$ 10,236,290	\$ 11,605,485
Operating grants and contributions	67,165,645	42,107,897	9,774,643	6,896,225	76,940,288	49,004,122
General Revenues:						
Maintenance and operations taxes	195,923,985	198,469,772	-	-	195,923,985	198,469,772
Debt service taxes	101,273,736	96,071,515	-	-	101,273,736	96,071,515
State aid - formula grants	76,355,595	72,060,766	-	-	76,355,595	72,060,766
Grants and contributions	-	32,908	-	-	-	32,908
Interest earnings	590,167	9,520,415	972	30,579	591,139	9,550,994
Gain on sale of capital assets	-	963,425	-	-	-	963,425
Miscellaneous	227,014	304,827	-	-	227,014	304,827
Total Revenue	450,839,165	427,522,677	10,708,882	10,541,137	461,548,047	438,063,814
Expenses:						
Instruction, curriculum and media services	254,244,857	240,822,868	-	-	254,244,857	240,822,868
Instructional and school leadership	25,236,531	24,238,729	-	-	25,236,531	24,238,729
Student support services	31,004,210	30,228,997	-	-	31,004,210	30,228,997
Food services	822,365	2,471,414	12,409,888	12,734,248	13,232,253	15,205,662
Cocurricular activities	8,089,402	9,225,503	98,572	138,230	8,187,974	9,363,733
General administration	11,964,555	10,810,255	-	-	11,964,555	10,810,255
Plant maintenance, security and data processing	41,462,314	39,950,497	-	-	41,462,314	39,950,497
Community services	3,072,022	2,791,688	-	-	3,072,022	2,791,688
Debt services	27,303,908	46,347,993	-	-	27,303,908	46,347,993
Intergovernmental charges	2,282,515	2,238,290	-	-	2,282,515	2,238,290
Total Expenses	405,482,679	409,126,234	12,508,460	12,872,478	417,991,139	421,998,712
Increase (Decrease) in Net Position	45,356,486	18,396,443	(1,799,578)	(2,331,341)	43,556,908	16,065,102
Net Position - beginning of year	(34,284,118)	(52,680,561)	(6,503,618)	(4,172,277)	(40,787,736)	(56,852,838)
Net Position - end of year	\$ 11,072,368	\$ (34,284,118)	\$ (8,303,196)	\$ (6,503,618)	\$ 2,769,172	\$ (40,787,736)

The cost of all governmental activities for the current fiscal period was \$405,482,679. 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 \$297,197,721 because some of the costs were paid by those who directly benefited from the programs (\$9,303,023) or by State equalization funding (\$76,355,595).

## 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 \$679,010,986 an increase of \$103,678,034 from the prior year. Approximately 17 percent of this total amount (\$114,314,973) 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 (\$97,496,111), or for capital projects (\$468,698,181), or already spent on prepaid items (\$362,265), inventories (\$759,676) 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 \$80,578,579, while the total fund balance was \$108,585,660. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 27.45 percent of the total general fund expenditures, while the total fund balance represents 36.99 percent of that same amount.

The fund balance of the District's general fund increased by \$5,817,250 during the current fiscal year, compared to a \$1,102,640 increase in the previous year. Key factors related to this change are as follows:

- A \$2,087,413 decrease in property tax revenues combined with a \$4,379,658 increase in state per capita and foundation revenue contributed to a \$2,781,785 overall increase in total revenues. However, expenditures increased only \$48,276 due primarily by a portion of general fund expenditures being covered by COVID-related Federal financial assistance received during the fiscal year and reported in special revenue funds.

The debt service fund has a total fund balance of \$97,498,161, 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 \$18,694,869, compared to a \$2,873,102 increase in the previous year. Tax revenues were \$5,406,486 higher than the previous year and debt service expenditures (net of a remarketing) were \$8,830,191 lower.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund increased by \$78,957,827 due primarily to \$309,953,584 proceeds from a bond sale offset by \$231,383,706 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, 2020). 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 \$108,585,660 reported on page 20 differs from the General Fund's budgetary fund balance of \$93,607,622 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, 2021, the District had \$1,061,018,126 (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 \$198,885,199, or 23.07 percent, above last year.

This fiscal year's major additions included:

Continuing construction costs on a new high school, paid for with proceeds of general obligation bonds issued in a prior year.	\$ 76,600,390
Continuing construction costs on a new middle school, paid for with proceeds of general obligation bonds issued in a prior year.	13,571,223
Continuing construction costs on a new elementary school, paid for with proceeds of general obligation bonds issued in a prior year.	19,011,258
Continuing construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds.	30,637,480
Initial construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds.	28,719,221
Initial construction costs on a new middle school, paid for with proceeds of general obligation bonds.	8,919,976
Initial construction costs on a new elementary school, paid for with proceeds of general obligation bonds.	5,213,154
Totaling	<u>\$182,672,702</u>

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

### Debt Administration

At year-end, the District had \$1,413,050,041 in bonds outstanding (including accreted interest on bonds) versus \$1,167,168,659 last year—an increase of 21.07 percent. New debt incurred during the fiscal period consisted of the remarketing of the Series 2013 bonds and the issuance of Series 2020 building bonds and Series 2020A refunding 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 \$2,107,852,429, 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 approved a maintenance and operation property tax rate of \$0.9276 and a debt service rate of \$0.48 for the fiscal year 2020-2021, making the total tax rate necessary to fund the 2020-2021 budget \$1.4076. This represents an increase of \$0.0207 from the prior year.

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

The District continues to experience an increase in property values over the prior year. The actual increase in certified and under review values for the 2020 tax year was \$1,222,132,591 or 6.78%.

The Board of Trustees of the Denton Independent School District adopted a total tax rate of \$1.3620 per \$100 of assessed value for 2021-2022. The M & O tax rate will decrease to \$.8820, and the debt service tax rate will remain at \$0.48 for a total rate of \$1.3620. The district's certified values increased \$1,851,291,959 or 9.62% for 2021.

State funding for 2021-2022 is projected to be \$88,995,552 or 29.60% of the total budget compared to \$85,651,390 or 28.59% for 2020-2021.

During the 2012-2013 school year the district worked with TASB to examine pay equity for employees and to determine if pay practices were internally fair and externally competitive. Several adjustments have been implemented since the 2013-2014 school year. The 2021-2022 budget includes approximately \$5,700,000 for the Salary Compensation Plan.

With the passage of HB 3 in the last legislative session, the Legislature increased state funding in public education, improved equity, and lowered property tax rates. The new revenue formula approved by the legislature continues to be based on student attendance in the regular classroom and in special settings. However, the new formula restricts overall state foundation and local tax revenue growth to 2.5% unless the district has additional student growth. The focus for the 2021-2022 budget was the attendance projection complication due to the low enrollment experienced in 2020-2021 because of the COVID-19 pandemic. Districts were provided a hold harmless Average Daily Attendance (ADA) in 2020-2021 to help sustain their funding level. However, the hold harmless ADA does not extend into next fiscal year. Denton ISD will receive approximately \$3,344,162 more in state funding for 2021-2022 than in the prior year's adopted budget. Property tax collections are expected to decrease by \$707,991.

## **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, 2021

EXHIBIT A-1

June 30, 2021

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 723,079,608	\$ 101,494	\$ 723,181,102
1220	Property Taxes - Delinquent	5,611,372	-	5,611,372
1230	Allowance for Uncollectible Taxes	(186,362)	-	(186,362)
1240	Due from Other Governments	38,273,956	194,378	38,468,334
1260	Internal Balances	(297,180)	297,180	-
1290	Other Receivables, Net	6,707,912	5,462	6,713,374
1300	Inventories	764,347	183,158	947,505
1410	Prepayments	365,617	-	365,617
Capital Assets:				
1510	Land	70,508,985	-	70,508,985
1520	Buildings, Net	643,812,203	-	643,812,203
1530	Furniture and Equipment, Net	16,246,558	2,715,029	18,961,587
1580	Construction in Progress	330,450,380	-	330,450,380
1000	Total Assets	1,835,337,396	3,496,701	1,838,834,097
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1701	Deferred Charge for Refunding	95,724,845	-	95,724,845
1705	Deferred Outflow Related to TRS Pension	37,280,985	2,077,747	39,358,732
1706	Deferred Outflow Related to TRS OPEB	20,684,691	1,152,801	21,837,492
1700	Total Deferred Outflows of Resources	153,690,521	3,230,548	156,921,069
<b>LIABILITIES</b>				
2110	Accounts Payable	48,485,015	194,810	48,679,825
2140	Interest Payable	19,191,145	-	19,191,145
2150	Payroll Deductions and Withholdings	2,638,875	-	2,638,875
2160	Accrued Wages Payable	30,700,777	73,935	30,774,712
2200	Accrued Expenses	999,895	-	999,895
2300	Unearned Revenue	6,529,760	344,528	6,874,288
Noncurrent Liabilities:				
2501	Due Within One Year: Loans, Note, Leases, etc.	62,593,513	-	62,593,513
Due in More than One Year:				
2502	Bonds, Notes, Leases, etc.	1,548,129,521	-	1,548,129,521
2540	Net Pension Liability (District's Share)	91,687,577	5,109,941	96,797,518
2545	Net OPEB Liability (District's Share)	87,073,420	4,852,784	91,926,204
2000	Total Liabilities	1,898,029,498	10,575,998	1,908,605,496
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605	Deferred Inflow Related to TRS Pension	16,164,214	900,866	17,065,080
2606	Deferred Inflow Related to TRS OPEB	63,761,837	3,553,581	67,315,418
2600	Total Deferred Inflows of Resources	79,926,051	4,454,447	84,380,498
<b>NET POSITION</b>				
3200	Net Investment in Capital Assets	60,883,980	2,715,029	63,599,009
Restricted:				
3850	Restricted for Debt Service	97,496,411	-	97,496,411
3870	Restricted for Campus Activities	2,651,659	-	2,651,659
3900	Unrestricted	(149,959,682)	(11,018,225)	(160,977,907)
3000	Total Net Position	\$ 11,072,368	\$ (8,303,196)	\$ 2,769,172

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, 2021

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 238,790,511	\$ 20,421	\$ 44,584,512
12 Instructional Resources and Media Services	5,506,295	-	347,152
13 Curriculum and Instructional Staff Development	9,948,051	-	3,670,800
21 Instructional Leadership	4,290,651	-	392,949
23 School Leadership	20,945,880	-	2,545,643
31 Guidance, Counseling, and Evaluation Services	18,264,972	-	5,091,414
32 Social Work Services	969,094	-	188,359
33 Health Services	4,847,576	3,881,853	1,499,944
34 Student (Pupil) Transportation	6,922,568	-	3,587,292
35 Food Services	822,365	-	546,076
36 Extracurricular Activities	8,089,402	470,761	1,451,913
41 General Administration	11,964,555	3,047,111	375,764
51 Facilities Maintenance and Operations	28,682,865	52,363	641,783
52 Security and Monitoring Services	2,327,128	-	480,233
53 Data Processing Services	7,672,193	-	170,428
61 Community Services	3,072,022	1,830,514	346,599
72 Debt Service - Interest on Long-Term Debt	17,005,916	-	1,092,212
73 Debt Service - Bond Issuance Cost and Fees	10,297,992	-	-
81 Capital Outlay	2,780,128	-	152,572
93 Payments Related to Shared Services Arrangements	520,800	-	-
99 Other Intergovernmental Charges	1,761,715	-	-
[TG] Total Governmental Activities:	405,482,679	9,303,023	67,165,645
BUSINESS-TYPE ACTIVITIES:			
35 Enterprise Fund - National School Breakfast&Lunch	12,409,888	854,369	9,774,643
01 Stadium Concessions	98,572	78,898	-
[TB] Total Business-Type Activities:	12,508,460	933,267	9,774,643
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 417,991,139	\$ 10,236,290	\$ 76,940,288
Data			
Control	General Revenues:		
Codes	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
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
\$ (194,185,578)	\$ -	\$ (194,185,578)
(5,159,143)	-	(5,159,143)
(6,277,251)	-	(6,277,251)
(3,897,702)	-	(3,897,702)
(18,400,237)	-	(18,400,237)
(13,173,558)	-	(13,173,558)
(780,735)	-	(780,735)
534,221	-	534,221
(3,335,276)	-	(3,335,276)
(276,289)	-	(276,289)
(6,166,728)	-	(6,166,728)
(8,541,680)	-	(8,541,680)
(27,988,719)	-	(27,988,719)
(1,846,895)	-	(1,846,895)
(7,501,765)	-	(7,501,765)
(894,909)	-	(894,909)
(15,913,704)	-	(15,913,704)
(10,297,992)	-	(10,297,992)
(2,627,556)	-	(2,627,556)
(520,800)	-	(520,800)
(1,761,715)	-	(1,761,715)
(329,014,011)	-	(329,014,011)
-	(1,780,876)	(1,780,876)
-	(19,674)	(19,674)
-	(1,800,550)	(1,800,550)
(329,014,011)	(1,800,550)	(330,814,561)
195,923,985	-	195,923,985
101,273,736	-	101,273,736
76,355,595	-	76,355,595
590,167	972	591,139
227,014	-	227,014
374,370,497	972	374,371,469
45,356,486	(1,799,578)	43,556,908
(34,284,118)	(6,503,618)	(40,787,736)
\$ 11,072,368	\$ (8,303,196)	\$ 2,769,172

DENTON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 117,434,862	\$ 97,121,162	\$ 505,221,569
1220 Property Taxes - Delinquent	3,760,198	1,851,174	-
1230 Allowance for Uncollectible Taxes	(127,593)	(58,769)	-
1240 Due from Other Governments	16,109,093	-	-
1260 Due from Other Funds	7,790,431	-	-
1290 Other Receivables	6,698,300	9,218	-
1300 Inventories	194,871	-	-
1410 Prepayments	289,410	1,750	32,645
1000 Total Assets	<u>\$ 152,149,572</u>	<u>\$ 98,924,535</u>	<u>\$ 505,254,214</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 4,927,230	\$ 177,240	\$ 36,556,033
2150 Payroll Deductions and Withholdings Payable	2,638,875	-	-
2160 Accrued Wages Payable	28,912,956	-	-
2170 Due to Other Funds	810,091	-	-
2300 Unearned Revenue	3,769,807	34,864	-
2000 Total Liabilities	<u>41,058,959</u>	<u>212,104</u>	<u>36,556,033</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	2,504,953	1,214,270	-
2600 Total Deferred Inflows of Resources	<u>2,504,953</u>	<u>1,214,270</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	194,871	-	-
3425 Endowment Principal	-	-	-
3430 Prepaid Items	289,410	1,750	32,645
Restricted Fund Balance:			
3470 Capital Acquisition and Contractual Obligation	-	-	466,076,661
3480 Retirement of Long-Term Debt	-	97,496,411	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	27,522,800	-	2,588,875
3600 Unassigned Fund Balance	80,578,579	-	-
3000 Total Fund Balances	<u>108,585,660</u>	<u>97,498,161</u>	<u>468,698,181</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 152,149,572</u>	<u>\$ 98,924,535</u>	<u>\$ 505,254,214</u>

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

Other Funds		Total Governmental Funds	
\$	13,053,083	\$	732,830,676
	-		5,611,372
	-		(186,362)
	22,164,863		38,273,956
	4,210		7,794,641
	100		6,707,618
	564,805		759,676
	38,460		362,265
\$	35,825,521	\$	792,153,842
\$	6,748,589	\$	48,409,092
	-		2,638,875
	1,788,046		30,701,002
	20,334,813		21,144,904
	2,725,089		6,529,760
	31,596,537		109,423,633
	-		3,719,223
	-		3,719,223
	564,805		759,676
	1,000		1,000
	25,377		349,182
	-		466,076,661
	-		97,496,411
	3,624,555		3,624,555
	13,247		30,124,922
	-		80,578,579
	4,228,984		679,010,986
\$	35,825,521	\$	792,153,842

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DENTON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 679,010,986</b>
1 Assets and liabilities of the internal service funds are not included in the fund financial statements.	2,234,739
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	1,479,197,230
3 Accumulated depreciation is not reported in the fund financial statements.	(418,179,104)
4 Bonds payable are not reported in the fund financial statements.	(1,367,776,088)
5 Bond premiums and discounts are not recognized in the fund financial statements.	(196,781,084)
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.	(19,191,145)
7 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	3,719,223
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 \$91,687,577, a Deferred Resource Inflow related to TRS in the amount of \$16,164,214, and a Deferred Resource Outflow related to TRS in the amount of \$37,280,985. This amounted to a decrease in Net Position in the amount of \$70,570,806.	(70,570,806)
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 \$87,073,420, a Deferred Resource Inflow related to TRS OPEB in the amount of \$63,761,837, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$20,684,691. This amounted to a decrease in Net Position in the amount of \$130,150,566.	(130,150,566)
10 Accrued vacation benefits have not been recorded in the fund financial statements.	(891,909)
11 Deferred charge on bond refundings is not recognized in the fund financial statements.	95,724,845
12 Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(45,273,953)
<b>19 Net Position of Governmental Activities</b>	<b>\$ 11,072,368</b>

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, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 198,918,044	\$ 101,406,180	\$ 475,363
5800 State Program Revenues	92,415,719	944,555	-
5900 Federal Program Revenues	7,443,507	-	-
5020 Total Revenues	298,777,270	102,350,735	475,363
EXPENDITURES:			
Current:			
0011 Instruction	179,114,014	-	-
0012 Instructional Resources and Media Services	4,756,722	-	-
0013 Curriculum and Instructional Staff Development	5,804,290	-	-
0021 Instructional Leadership	3,562,786	-	-
0023 School Leadership	17,008,581	-	-
0031 Guidance, Counseling, and Evaluation Services	12,095,667	-	-
0032 Social Work Services	713,955	-	-
0033 Health Services	3,085,683	-	-
0034 Student (Pupil) Transportation	6,489,709	-	-
0035 Food Services	270,542	-	-
0036 Extracurricular Activities	6,880,575	-	-
0041 General Administration	9,969,135	-	-
0051 Facilities Maintenance and Operations	28,737,742	-	-
0052 Security and Monitoring Services	1,846,895	-	-
0053 Data Processing Services	6,911,610	-	59,046
0061 Community Services	2,519,557	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	31,628,016	-
0072 Interest on Long-Term Debt	-	51,721,415	-
0073 Bond Issuance Cost and Fees	-	2,567,308	1,883,584
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,521,393	-	229,441,076
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	520,800	-	-
0099 Other Intergovernmental Charges	1,761,715	-	-
6030 Total Expenditures	293,571,371	85,916,739	231,383,706
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	5,205,899	16,433,996	(230,908,343)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	290,835,000	278,025,000
7912 Sale of Real and Personal Property	41,159	-	-
7915 Transfers In	1,769,435	-	485,155
7916 Premium or Discount on Issuance of Bonds	-	50,312,368	31,928,584
7949 Other Resources	-	9,218	-
8911 Transfers Out (Use)	(11,371,258)	-	(572,569)
8949 Other (Uses)	(1,238)	(338,895,713)	-
7080 Total Other Financing Sources (Uses)	(9,561,902)	2,260,873	309,866,170
EXTRAORDINARY ITEMS:			
7919 Extraordinary Item - Resource	10,173,253	-	-
1200 Net Change in Fund Balances	5,817,250	18,694,869	78,957,827
0100 Fund Balance - July 1 (Beginning)	102,768,410	78,803,292	389,740,354
3000 Fund Balance - June 30 (Ending)	\$ 108,585,660	\$ 97,498,161	\$ 468,698,181

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

		Total	
Other		Governmental	
Funds		Funds	
\$	3,495,003	\$	304,294,590
	6,721,883		100,082,157
	34,109,449		41,552,956
	44,326,335		445,929,703
	31,010,160		210,124,174
	148,358		4,905,080
	2,791,299		8,595,589
	203,867		3,766,653
	1,172,825		18,181,406
	3,525,317		15,620,984
	126,116		840,071
	1,271,807		4,357,490
	1,798,602		8,288,311
	551,823		822,365
	469,035		7,349,610
	96,307		10,065,442
	211,558		28,949,300
	480,233		2,327,128
	176,704		7,147,360
	305,346		2,824,903
	-		31,628,016
	-		51,721,415
	-		4,450,892
	9,755,277		240,717,746
	-		520,800
	-		1,761,715
	54,094,634		664,966,450
	(9,768,299)		(219,036,747)
	-		568,860,000
	-		41,159
	10,673,253		12,927,843
	-		82,240,952
	-		9,218
	(696,866)		(12,640,693)
	-		(338,896,951)
	9,976,387		312,541,528
	-		10,173,253
	208,088		103,678,034
	4,020,896		575,332,952
\$	4,228,984	\$	679,010,986

DENTON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 103,678,034</b>
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.	230,835,215
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.	(31,855,464)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(325,025)
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.	(411,778)
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.	35,392,311
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.	(354,398)
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.	73,287
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.	31,628,016
Current year net decreases in accrued vacation benefit obligations and special termination benefit obligations are shown as expenditures in the fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements.	166,471
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 8/31/2020 caused the ending net position to increase in the amount of \$6,850,714. Contributions made before the measurement but during the 2021 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused an increase in the net position in the amount of \$1,178,271. These contributions were replaced with the District's pension expense for the year of \$15,406,646, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$7,377,661.	(7,377,661)

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

DENTON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

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EXHIBIT C-4

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 \$1,918,048. These contributions were replaced with the District's OPEB expense for the year, which was \$3,998,867 and caused a decrease in net position. The impact of both of these is to increase net position by \$2,080,819.	2,080,819
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.	(568,860,000)
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.	(82,240,952)
Payments to refund bonds payable are shown as other financing uses in the fund financial statements, but are shown as a reduction in long-term debt in the government-wide financial statements.	338,895,713
The basis of capital asset dispositions do not affect the fund financial statements but are shown as a reduction of capital assets in the government-wide financial statements.	(111,784)
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.	(5,856,318)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 45,356,486</u></u>

DENTON INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 208,646,917	\$ 197,192,261	\$ 198,918,044	\$ 1,725,783
5800 State Program Revenues	85,651,390	100,248,230	92,415,719	(7,832,511)
5900 Federal Program Revenues	4,790,000	11,560,265	7,443,507	(4,116,758)
5020 Total Revenues	299,088,307	309,000,755	298,777,270	(10,223,485)
EXPENDITURES:				
Current:				
0011 Instruction	186,249,274	194,425,464	179,114,014	15,311,450
0012 Instructional Resources and Media Services	4,657,006	4,901,806	4,756,722	145,084
0013 Curriculum and Instructional Staff Development	5,249,315	6,140,813	5,804,290	336,523
0021 Instructional Leadership	3,664,329	3,885,623	3,562,786	322,837
0023 School Leadership	15,918,522	17,322,603	17,008,581	314,022
0031 Guidance, Counseling, and Evaluation Services	12,020,925	12,297,128	12,095,667	201,461
0032 Social Work Services	626,231	766,698	713,955	52,743
0033 Health Services	3,011,288	3,158,975	3,085,683	73,292
0034 Student (Pupil) Transportation	6,423,769	7,187,425	6,489,709	697,716
0035 Food Services	183,216	287,545	270,542	17,003
0036 Extracurricular Activities	7,862,275	7,528,061	6,880,575	647,486
0041 General Administration	9,085,361	11,140,242	9,969,135	1,171,107
0051 Facilities Maintenance and Operations	30,537,917	31,319,126	28,737,742	2,581,384
0052 Security and Monitoring Services	2,049,777	2,073,522	1,846,895	226,627
0053 Data Processing Services	6,323,532	7,071,781	6,911,610	160,171
0061 Community Services	3,160,734	3,536,100	2,519,557	1,016,543
Capital Outlay:				
0081 Facilities Acquisition and Construction	142,000	2,449,951	1,521,393	928,558
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	532,200	532,200	520,800	11,400
0095 Payments to Juvenile Justice Alternative Ed. Prg.	28,500	-	-	-
0099 Other Intergovernmental Charges	1,862,136	1,761,715	1,761,715	-
6030 Total Expenditures	299,588,307	317,786,778	293,571,371	24,215,407
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,000)	(8,786,023)	5,205,899	13,991,922
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	37,486	41,159	3,673
7915 Transfers In	500,000	574,142	1,769,435	1,195,293
8911 Transfers Out (Use)	-	(5,110,482)	(11,371,258)	(6,260,776)
8949 Other (Uses)	-	(1,238)	(1,238)	-
7080 Total Other Financing Sources (Uses)	500,000	(4,500,092)	(9,561,902)	(5,061,810)
EXTRAORDINARY ITEMS:				
7919 Extraordinary Item - Resource	-	4,125,327	10,173,253	6,047,926
1200 Net Change in Fund Balances	-	(9,160,788)	5,817,250	14,978,038
0100 Fund Balance - July 1 (Beginning)	102,768,410	102,768,410	102,768,410	-
3000 Fund Balance - June 30 (Ending)	\$ 102,768,410	\$ 93,607,622	\$ 108,585,660	\$ 14,978,038

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

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 71,909	\$ 29,585	\$ 101,494	\$ 3,302,015
Due from Other Governments	194,378	-	194,378	-
Due from Other Funds	801,331	-	801,331	-
Other Receivables	5,462	-	5,462	294
Inventories	183,158	-	183,158	4,671
Prepayments	-	-	-	3,352
Total Current Assets	1,256,238	29,585	1,285,823	3,310,332
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	6,951,802	41,691	6,993,493	26,269
Depreciation on Furniture and Equipment	(4,248,709)	(29,755)	(4,278,464)	(9,047)
Total Noncurrent Assets	2,703,093	11,936	2,715,029	17,222
Total Assets	3,959,331	41,521	4,000,852	3,327,554
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflow Related to TRS OPEB	1,152,801	-	1,152,801	-
Deferred Outflow Related to TRS Pensions	2,077,747	-	2,077,747	-
Total Deferred Outflows of Resources	3,230,548	-	3,230,548	-
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	190,831	3,979	194,810	75,922
Accrued Wages Payable	73,935	-	73,935	(225)
Due to Other Funds	504,151	-	504,151	-
Accrued Expenses	-	-	-	999,895
Unearned Revenues	344,528	-	344,528	-
Total Current Liabilities	1,113,445	3,979	1,117,424	1,075,592
NonCurrent Liabilities:				
Net Pension Liability	5,109,941	-	5,109,941	-
Net OPEB Liability	4,852,784	-	4,852,784	-
Total Noncurrent Liabilities	9,962,725	-	9,962,725	-
Total Liabilities	11,076,170	3,979	11,080,149	1,075,592
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow Related to TRS OPEB	3,553,581	-	3,553,581	-
Deferred Inflow Related to TRS Pensions	900,866	-	900,866	-
Total Deferred Inflows of Resources	4,454,447	-	4,454,447	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,703,093	11,936	2,715,029	-
Unrestricted Net Position	(11,043,831)	25,606	(11,018,225)	2,251,962
Total Net Position	\$ (8,340,738)	\$ 37,542	\$ (8,303,196)	\$ 2,251,962

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

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 787,243	\$ 78,898	\$ 866,141	\$ 1,311,201
State Program Revenues	67,126	-	67,126	-
Total Operating Revenues	854,369	78,898	933,267	1,311,201
OPERATING EXPENSES:				
Payroll Costs	6,852,916	50,210	6,903,126	262,345
Professional and Contracted Services	78,091	60	78,151	206,607
Supplies and Materials	5,260,652	44,754	5,305,406	62,729
Other Operating Costs	35,315	2,101	37,416	419,944
Depreciation Expense	182,914	1,447	184,361	291
Total Operating Expenses	12,409,888	98,572	12,508,460	951,916
Operating Income (Loss)	(11,555,519)	(19,674)	(11,575,193)	359,285
NONOPERATING REVENUES (EXPENSES):				
National School Breakfast Program	2,117,623	-	2,117,623	-
National School Lunch Program	6,733,533	-	6,733,533	-
Donated Commodities (USDA)	923,487	-	923,487	-
Earnings from Temporary Deposits & Investments	972	-	972	1,152
Total Nonoperating Revenues (Expenses)	9,775,615	-	9,775,615	1,152
Income (Loss) Before Transfers	(1,779,904)	(19,674)	(1,799,578)	360,437
Transfer In	-	-	-	212,851
Transfers Out	-	-	-	(500,000)
Change in Net Position	(1,779,904)	(19,674)	(1,799,578)	73,288
Total Net Position - July 1 (Beginning)	(6,560,834)	57,216	(6,503,618)	2,178,674
Total Net Position - June 30 (Ending)	\$ (8,340,738)	\$ 37,542	\$ (8,303,196)	\$ 2,251,962

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, 2021

EXHIBIT D-3 (Cont'd)

	Business-Type Activities			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from District	\$ -	\$ -	\$ -	\$ 1,142,242
Cash Received from Charges and Fees	994,734	78,898	1,073,632	168,665
Cash Payments for Payroll Costs	(6,871,921)	(53,959)	(6,925,880)	(263,004)
Cash Payments for Purchased Services	(78,091)	(60)	(78,151)	(206,608)
Cash Payments for Supplies and Materials	(5,681,131)	(78,004)	(5,759,135)	(38,836)
Cash Payments for Other Expenses	(35,315)	(2,101)	(37,416)	-
Cash Payments for Claims	-	-	-	(363,186)
Net Cash Provided by (Used for) Operating Activities	(11,671,724)	(55,226)	(11,726,950)	439,273
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Cash Received from Federal Programs	9,774,643	-	9,774,643	-
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>				
Purchase of Capital Assets	(1,846,442)	-	(1,846,442)	(17,513)
Transfers In (Out)	-	-	-	(287,149)
Change in Pension Liability Accounts	653,077	-	653,077	-
Change in OPEB Liability Accounts	390,212	-	390,212	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	(803,153)	-	(803,153)	(304,662)
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	972	-	972	1,152
Net Increase (Decrease) in Cash and Cash Equivalents	(2,699,262)	(55,226)	(2,754,488)	135,763
Cash and Cash Equivalents at Beginning of Year	2,771,171	84,811	2,855,982	3,166,252
Cash and Cash Equivalents at End of Year	\$ 71,909	\$ 29,585	\$ 101,494	\$ 3,302,015

The accompanying notes are an integral part of this statement.

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Business-Type Activities			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (11,555,519)	\$ (19,674)	\$ (11,575,193)	\$ 359,285
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	182,914	1,447	184,361	291
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	2,699	-	2,699	(294)
Decrease (increase) in Inv./Prepayments	232,995	-	232,995	8,114
Decrease (increase) in Due from Other Gov.	137,666	-	137,666	-
Increase (decrease) in Accounts Payable	(206,210)	(33,250)	(239,460)	69,692
Increase (decrease) in Accrued Wages Payable	(19,005)	(3,749)	(22,754)	(659)
Increase (decrease) in Accrued Expenses	-	-	-	2,844
Increase (decrease) in Due to/from Other Funds	(270,583)	-	(270,583)	-
Increase (decrease) in Unearned Revenues	(176,681)	-	(176,681)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (11,671,724)</u>	<u>\$ (55,226)</u>	<u>\$ (11,726,950)</u>	<u>\$ 439,273</u>

The accompanying notes are an integral part of this statement.

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CUSTODIAL NET POSITION  
CUSTODIAL FUNDS  
JUNE 30, 2021

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 217,232
Total Assets	<u>217,232</u>
LIABILITIES	
Accounts Payable	<u>810</u>
Total Liabilities	<u>810</u>
NET POSITION	
Unrestricted Net Position	<u>216,422</u>
Total Net Position	<u><u>\$ 216,422</u></u>

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

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN CUSTODIAL FUND NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Total Custodial Funds
<b>ADDITIONS:</b>	
Received from Student Groups/Other	\$ 479,774
Total Additions	<u>479,774</u>
<b>DEDUCTIONS:</b>	
Student Groups/Other	<u>410,451</u>
Total Deductions	<u>410,451</u>
Change in Fiduciary Net Position	69,323
Total Net Position - July 1 (Beginning)	<u>147,099</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 216,422</u></u>

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

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

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

**B. BASIS OF PRESENTATION**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

5. **Custodial Funds** - These 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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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

	June 30, 2021 <u>Fund Balance</u>
Appropriated Budget Funds	\$ -0-
Nonappropriated Budget Funds	<u>4,214,737</u>
All Special Revenue Funds	<u>\$4,214,737</u>

**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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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 qualify for reporting in this category:

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**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, 2021 was \$95,724,845.

**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, 2021 was \$39,358,732.

**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, 2021 was \$21,837,492.

*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, 2021 was \$3,719,223.

**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 2021, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$17,065,080.

**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 2020 measurement year). In fiscal year 2021, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$67,315,418.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**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 2021, 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, 2021 for campus activities.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

- 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, 2021 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 \$80,578,579 at June 30, 2021. Deferred expenditures (prepaid items) of \$289,410 and inventories of \$194,871 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2021:

2021-2022 Projected Deficit Budget	\$ 6,554,405
Extended School Day program	5,190,047
Non-bond new campus startup	494,596
Transportation	2,031,293
Per pupil campus allotment	3,646,687
Secondary curriculum	138,005
Special education	270,533
Career and Technology program	1,235,196
Bilingual program	14,102
Fine Arts program	116,991
Major maintenance projects	1,250,240
Technology	2,505,532
Athletics	2,403,598
Insurance deductibles	1,000,000
Vehicles/buses/equipment	671,575
	<u>\$27,522,800</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**Other Major Funds**

The Debt Service Fund has restricted funds of \$97,496,411 at June 30, 2021 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. Deferred expenditures (prepaid items) of \$1,750 are considered nonspendable fund balance. The Capital Projects Fund has restricted funds of \$466,076,661 at June 30, 2021 consisting of unspent bond funds and \$2,588,875 of non-bond funds assigned for future capital replacement projects. Deferred expenditures (prepaid items) of \$32,645 are considered nonspendable fund balance.

**Other Funds**

The fund balance of \$2,651,659 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of Local Grants (a special revenue fund) consists of funds donated for specific purposes that are committed to those purposes, and the fund balance of COVID-19 Local Activity (a special revenue fund) consists of funds set aside and committed for local COVID-19 expenditures. The Lewis Trust Memorial Fund permanent endowment fund principal of \$1,000 is shown as nonspendable at June 30, 2021, while the accumulated unspent earnings of \$13,247 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, 2021, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$9,377,627 and the bank balance was \$9,486,720. The District's cash deposits at June 30, 2021 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:

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

- 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, 2021, the District's cash balances totaled \$9,486,720. 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, 2021, 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 AA Af (Standard & Poor's).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, TexStar, Texas Term, Texas Class and Lone Star investments is less than 60 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2021, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

The District's investments at June 30, 2021, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool	\$ 97,285,894	\$ 97,285,894
TexStar	104,770,860	104,770,860
Lone Star	102,896,600	102,896,600
Texas Term	170,891,678	170,891,678
Texas Class	<u>238,175,265</u>	<u>238,175,265</u>
Total	<u>\$714,020,297</u>	<u>\$714,020,297</u>

**Fair Value Measurements**

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

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

The District's investment in Texpool, TexStar, 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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Adjustments	Balance June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 66,708,900	\$ 3,813,585	\$ (13,500)	\$ 70,508,985
Construction in Progress	118,728,812	218,084,807	(6,363,239)	330,450,380
Total capital assets, not being depreciated	185,437,712	221,898,392	(6,376,739)	400,959,365
Capital assets, being depreciated:				
Buildings and Improvements	1,008,207,061	10,036,354	(354,800)	1,017,888,615
Furniture and Equipment	56,023,280	5,280,940	(954,970)	60,349,250
Total capital assets, being depreciated	1,064,230,341	15,317,294	(1,309,770)	1,078,237,865
Less accumulated depreciation for:				
Buildings and Improvements	(345,308,912)	(29,024,016)	256,516	(374,076,412)
Furniture and Equipment	(42,226,214)	(2,831,448)	954,970	(44,102,692)
Total accumulated depreciation	(387,535,126)	(31,855,464)	1,211,486	(418,179,104)
Total capital assets being depreciated, net	676,695,215	(16,538,170)	(98,284)	660,058,761
Governmental activities capital assets, net	\$ 862,132,927	\$ 205,360,222	\$ (6,475,023)	\$ 1,061,018,126
Business-type activities:				
Furniture and Equipment	\$ 5,147,051	\$ 1,846,442	\$ -	\$ 6,993,493
Totals at historic cost	5,147,051	1,846,442	-	6,993,493
Less accumulated depreciation for:				
Furniture and Equipment	(4,094,103)	(184,361)	-	(4,278,464)
Total accumulated depreciation	(4,094,103)	(184,361)	-	(4,278,464)
Business-type activities capital assets, net	\$ 1,052,948	\$ 1,662,081	\$ -	\$ 2,715,029

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

Governmental activities:	
Instruction	\$22,244,653
Instructional Resources & Media Services	489,682
Curriculum & Instructional Staff Development	859,000
Instructional Leadership	415,455
School Leadership	1,992,742
Guidance, Counseling & Evaluation Services	1,765,503
Social Work Services	94,132
Health Services	362,042
Student (Pupil) Transportation	649,347
Cocurricular/Extracurricular Activities	533,379
General Administration	1,048,748
Plant Maintenance and Operations	653,127
Data Processing Services	523,692
Community Services	223,962
Total depreciation expense-Governmental activities	\$31,855,464
Business-type activities:	
Food Services	\$ 184,070
Stadium Concessions	291
Total depreciation expense Business-type activities	\$ 184,361

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**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, 2021:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/2020	Additions	Refunded/ Retired	Amounts Outstanding 6/30/2021	Due Within One Year
Bonded Indebtedness:							
2001 Bldg/Refunding	3.64-4.40%	60,920,000	\$ 7,935,000	\$ -	\$ 1,835,000	\$ 6,100,000	\$ 6,100,000
2005A Building	Variable	46,500,000	39,060,000	-	2,000,000	37,060,000	1,880,000
2006B Building	Variable	30,000,000	30,000,000	-	-	30,000,000	-
2011 Refunding	2.00-5.00%	24,325,000	6,065,000	-	2,980,000	3,085,000	3,085,000
2012B Refunding	2.00-5.00%	57,210,000	54,515,000	-	50,765,000	3,750,000	505,000
2012C Refunding	2.00-2.50%	24,875,000	6,290,000	-	3,200,000	3,090,000	3,090,000
2012D Refunding	2.00-5.00%	40,030,000	39,205,000	-	39,205,000	-	-
2013 Building	2.00%	44,300,000	22,260,000	21,390,000	22,260,000	21,390,000	-
2014A Building	1.25-5.00%	75,055,000	64,995,000	-	53,670,000	11,325,000	2,080,000
2014B Building	2.00%	69,075,000	67,925,000	-	-	67,925,000	-
2014C Refunding	2.00-5.00%	14,435,000	6,695,000	-	2,720,000	3,975,000	3,035,000
2015 Refunding	3.00-5.00%	118,775,000	109,950,000	-	4,050,000	105,900,000	4,250,000
2015A Building	2.00-5.00%	164,580,000	156,605,000	-	130,045,000	26,560,000	1,810,000
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	-	538,016	1,011,088	67,371
2018 Building	3.00-5.00%	400,125,000	392,495,000	-	10,065,000	382,430,000	940,000
2020 Building	1.75-5.00%	278,025,000	-	278,025,000	-	278,025,000	20,985,000
2020A Refunding	1.577-5.00%	265,570,000	-	265,570,000	-	265,570,000	-
2020A Refunding CAB	.312-1.391%	3,875,000	-	3,875,000	-	3,875,000	3,335,000
Total Bonded Indebtedness			1,122,249,104	568,860,000	323,333,016	1,367,776,088	51,162,371
Accreted Interest	4.10-5.20%		44,919,555	4,761,382	4,406,984	45,273,953	977,629
Premiums on Bond Issuance			149,932,443	82,243,573	35,394,932	196,781,084	10,103,513
Accrued Vacation Benefits			1,058,380	361,975	528,446	891,909	350,000
Total Other Obligations			195,910,378	87,366,930	40,330,362	242,946,946	11,431,142
Total Obligations of District			\$ 1,318,159,482	\$ 656,226,930	\$ 363,663,378	\$ 1,610,723,034	\$ 62,593,513

The 2016 bond series includes outstanding capital appreciation bonds in the principal amount of \$4,886,088. The bonds mature variously beginning in 2021 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, 2021.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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			Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
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	2,110,000	1,317,337	3,427,337
2026	2,190,000	1,223,381	3,413,381
2027-2031	12,190,000	4,580,415	16,770,415
2032-2036	<u>14,710,000</u>	<u>1,659,071</u>	<u>16,369,071</u>
Totals	<u>\$ 37,060,000</u>	<u>\$ 13,261,202</u>	<u>\$ 50,321,202</u>

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

*2006 Swap Agreement*

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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			Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2022	\$ -	\$ 1,571,100	\$ 1,571,100
2023	-	1,571,100	1,571,100
2024	860,000	1,548,581	2,408,581
2025	955,000	1,501,055	2,456,055
2026	1,000,000	1,449,863	2,449,863
2027-2031	5,655,000	6,402,363	12,057,363
2032-2036	<u>21,530,000</u>	<u>4,000,283</u>	<u>25,530,283</u>
Totals	<u>\$ 30,000,000</u>	<u>\$ 18,044,345</u>	<u>\$ 48,044,345</u>

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

*Other Information Common To Both The 2005 And 2006 Swap Agreements*

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

As of June 30, 2021, 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 \$7,614,830. The District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement as such agreement had a negative fair value of \$9,083,104. Collectively, as of June 30, 2021, the Swap Agreements had a net negative fair value of \$16,697,934.

As of June 30, 2021, 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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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
2022	\$ 49,282,371	\$ 53,876,914	\$ 103,159,285
2023	36,018,434	60,653,677	96,672,111
2024	26,413,618	63,363,141	89,776,759
2025	26,839,177	63,250,933	90,090,110
2026	30,707,488	58,639,598	89,347,086
2027-2031	233,375,000	199,080,126	432,455,126
2032-2036	243,180,000	138,836,329	382,016,329
2037-2041	266,905,000	97,869,008	364,774,008
2042-2046	240,685,000	50,876,332	291,561,332
2047-2049	147,310,000	9,154,725	156,464,725
	<u>\$1,300,716,088</u>	<u>\$795,600,783</u>	<u>\$2,096,316,871</u>

**NOTE 7. DEFEASED BONDS OUTSTANDING**

On November 24, 2020, the District issued \$265,570,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 1.577% to 5.00% and \$3,875,000 (par value) in unlimited tax refunding bonds (capital appreciation bonds) with interest rates ranging from 0.312% to 1.391% to advance refund \$269,445,000 of unlimited building and refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$49,301,263, and, after paying issuance costs of \$2,110,550, the net proceeds were \$316,635,713. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the tax bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$67,124,217 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$51,917,751.

In prior years, the District has defeased various bond issues in a similar manner to that described above.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, \$408,735,000 of bonds outstanding are considered defeased.

**NOTE 8. 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, 2020	\$1,058,380
Additions – New Entrants and Salary Increments	361,975
Deductions – Payments to Participants	<u>(528,446)</u>
Balance, June 30, 2021	<u>\$ 891,909</u>

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

**NOTE 9. 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 \$1,761,615 in fiscal year 2021 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 2020-21 fiscal year was based was \$21,078,524,297. 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, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9276 and \$0.48 per \$100 valuation, respectively, for a total of \$1.4076 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2021 were 98.88% 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, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,504,953 and \$1,214,270 for the General and Debt Service Funds, respectively.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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 10. 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/pages/aboutpublications.aspx>, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

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

In May, 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13<sup>th</sup> check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

	<u><b>Contribution Rates</b></u>	
	<u><b>2020</b></u>	<u><b>2021</b></u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Denton ISD FY2021 Employer Contributions		\$ 8,028,985
Denton ISD FY2021 Member Contributions		\$ 17,989,874
Denton ISD FY2021 NECE On-Behalf Contributions		\$ 12,123,716

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. The contribution rate called the Public Education Employer Contribution replaced the Non (OASDI) surcharge that was in effect in fiscal year 2019.

In addition to the employer contributions listed above, there is an 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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**Actuarial Assumptions.** The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

**Discount Rate.** A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Arithmetic Real Rate of Return <sup>2</sup>	Expected Contribution To Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
<b>Stable Value</b>			
Government Bonds	16%	-7%	-0.05%
Stable Value Hedge Funds	5%	1.9%	0.11%
<b>Real Return</b>			
Real Estate	15%	4.6%	1.01%
Energy, Natural Resources	6%	6%	0.42%
<b>Risk Parity</b>			
Risk Parity	8%	3%	0.30%
<b>Leverage</b>			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation	-		2.00%
Volatility Drag <sup>3</sup>	-		-0.67%
<b>Total</b>	<u>100%</u>		<u>7.33%</u>

**Discount Rate Sensitivity Analysis.** The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Denton ISD's proportionate share of the net pension liability:	\$149,288,628	\$96,797,518	\$54,174,733

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2021, Denton Independent School District reported a liability of \$96,797,518 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	\$ 96,797,518
State's proportionate share that is associated with the District	<u>157,372,338</u>
Total	<u>\$254,169,856</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

<sup>1</sup> Target allocations are based on the FY20 policy model.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.1807341403%, a decrease of 3.58% from its proportionate share of 0.1874534022% at August 31, 2019.

**Changes Since the Prior Actuarial Valuation** – There were no changes in assumptions since the measurement period.

For the year ended June 30, 2021, Denton Independent School District recognized pension expense of \$18,928,398 and revenue of \$18,928,398 for support provided by the State.

At June 30, 2021, Denton Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 176,745	\$ 2,701,362
Changes in actuarial assumptions	22,460,468	9,550,034
Difference between projected and actual investment earnings	4,312,082	2,352,500
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,558,723	2,461,184
Contributions paid to TRS subsequent to the measurement date	6,850,714	-
Total	\$39,358,732	\$17,065,080

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

Year ended June 30:	Pension Expense Amount
2022	\$ 4,668,591
2023	5,746,732
2024	5,138,578
2025	1,432,069
2026	(1,382,690)
Thereafter	(160,342)

**NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

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

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

**DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

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

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

<b>TRS-Care Monthly for Retirees</b>		
	<b>Medicare</b>	<b>Non-Medicare</b>
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 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. 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.

	<b><u>Contribution Rates</u></b>	
	<b><u>2020</u></b>	<b><u>2021</u></b>
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 FY21 Employer Contributions		\$1,918,048
Denton ISD FY21 Member Contributions		\$1,518,628
Denton ISD FY21 NECE On-behalf Contributions		\$2,469,785

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

**Actuarial Assumptions.** The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

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

***Additional Actuarial Methods and Assumptions:***

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**Discount Rate.** A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District’s proportionate share of the Net OPEB Liability:	\$113,291,439	\$91,926,204	\$77,404,664

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District’s proportionate share of the Net OPEB Liability:	\$75,091,916	\$91,926,204	\$114,347,077

**OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2021, the District reported a liability of \$91,926,204 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	\$ 91,926,204
State’s proportionate share that is associated with the District	<u>123,526,783</u>
Total	<u>\$215,452,987</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 thru August 31, 2020.

**DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.2418186896%, an increase of 1.38% compared to the August 31, 2019 proportionate share of 0.2385189074%.

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

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

For the year ended June 30, 2021, the amount of OPEB expense recognized by the District in the reporting period was \$(857,723).

At June 30, 2021, 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	\$ 4,813,220	\$42,070,131
Changes in actuarial assumptions	5,669,935	25,243,411
Difference between projected and actual investment earnings	31,748	1,876
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	9,702,498	-
Contributions paid to TRS subsequent to the measurement date	1,620,091	-
Total	\$21,837,492	\$67,315,418

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
2022	\$ (7,946,573)
2023	(7,950,567)
2024	(7,952,851)
2025	(7,952,226)
2026	(5,496,839)
Thereafter	(9,798,961)

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 12. 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, 2021, the contribution made on behalf of the District was \$1,203,761.

**NOTE 13. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2021, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 123,568	\$ 8,760
Enterprise Fund	499,941	801,331
Special Revenue Fund:		
General Fund	8,760	123,568
Enterprise Fund	4,210	-
Enterprise Fund:		
General Fund	801,331	499,941
Special Revenue Fund	-	4,210
<b>TOTAL</b>	<u><b>\$1,437,810</b></u>	<u><b>\$1,437,810</b></u>

Interfunds transfers for the year ended June 30, 2021 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund:		
Capital Projects Fund	\$ 485,155	\$ 572,569
Special Revenue Fund	10,673,253	696,866
Internal Service Fund	212,851	500,000
Capital Projects Fund:		
General Fund	572,569	485,155
Special Revenue Fund:		
General Fund	696,866	10,673,253
Internal Service Fund:		
General Fund	500,000	212,851
<b>TOTAL</b>	<u><b>\$13,140,694</b></u>	<u><b>\$13,140,694</b></u>

The purpose of a \$485,155 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 \$500,000 transfer is to transfer excess funds from the workers compensation internal service fund to the general fund for use in operations. The purpose of the \$212,851 transfer from the general fund to the Print Shop internal service fund was to transfer funds to cover the net position deficit in that fund. The purpose of the \$572,569 transfer from the capital project fund to the general fund was to transfer funds for the cost of portable buildings purchased in the general fund. The \$696,866 transfer consists of a \$1,573 transfer to transfer a portion of the aquatic program loss from the campus activity special revenue fund to the general fund, and a \$695,293 transfer of excess funds from the COVID-19 Local Activity special revenue fund to the general fund. The \$10,673,253 transfer consist of \$500,000 transferred from the general fund to the COVID-19 Local Activity special revenue fund to set aside fund for paying the cost of local COVID-19 expenditures, and a \$10,173,253 transfer from the general fund to the Winter Storm special revenue fund to cover the local costs accumulated and paid for from this fund related to the February, 2021 winter storm damage.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 14. HEALTH CARE**

During the year ended June 30, 2021, 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 15. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2021, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 3,760,198	\$ 16,109,093	\$ 632,269	\$ 6,698,300	\$ 27,199,860
Debt Service Fund	1,851,174	-	-	9,218	1,860,392
Capital Projects Fund	-	-	-	-	-
Special Revenue Fund	-	22,164,863	4,210	100	22,169,173
Total - Governmental Activities	<u>\$ 5,611,372</u>	<u>\$ 38,273,956</u>	<u>\$ 636,479</u>	<u>\$ 6,707,618</u>	<u>\$ 51,229,425</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 186,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,362</u>
Business-type Activities:					
Enterprise Fund	\$ -	\$ -	\$ 801,331	\$ 5,462	\$ 806,793
Internal Service Fund	-	-	-	294	294
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,331</u>	<u>\$ 5,756</u>	<u>\$ 807,087</u>

Payables at June 30, 2021, were as follows:

	Accounts	Salaries and Benefits	Due to Other Funds	Other	Total Payables
Governmental Activities:					
General Fund	\$ 4,927,231	\$ 31,551,831	\$ 810,091	\$ -	\$ 37,289,153
Debt Service Fund	177,240	-	-	-	177,240
Capital Projects Fund	36,556,033	-	-	-	36,556,033
Special Revenue Funds	6,748,589	1,788,046	123,568	-	8,660,203
Total - Governmental Activities	<u>\$ 48,409,093</u>	<u>\$ 33,339,877</u>	<u>\$ 933,659</u>	<u>\$ -</u>	<u>\$ 82,682,629</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type Activities:					
Enterprise Fund	\$ 194,810	\$ 73,935	\$ 4,151	\$ -	\$ 272,896
Internal Service Fund	75,923	(225)	-	999,895	1,075,593
Total Business-type Activities	<u>\$ 270,733</u>	<u>\$ 73,710</u>	<u>\$ 4,151</u>	<u>\$ 999,895</u>	<u>\$ 1,348,489</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 16. 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 \$999,895 as of June 30, 2021. Claims administration is provided by TASB.

The accrued liability for Workers' Compensation self-insurance of \$999,895 includes incurred but not reported claims. This liability reported in the fund at June 30, 2021, 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 2021 was \$500,000.

Changes in the workers' compensation claims liability amounts in fiscal 2020 and 2021 are represented below:

	Year Ended June 30, 2020	Year Ended June 30, 2021
Unpaid claims, beginning of year	\$951,944	\$997,051
Incurred claims (including IBNR'S)	488,920	422,788
Claim payments	<u>443,813</u>	<u>419,944</u>
Unpaid claims, end of fiscal year	<u>\$997,051</u>	<u>\$999,895</u>

**NOTE 17. 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, 2021, 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 Grant & Entitlements	Federal Grants	Local Governments	Total
General	\$ 16,031,242	\$ -	\$ 77,851	\$ 16,109,093
Special Revenue	<u>1,878,295</u>	<u>20,286,568</u>	<u>-</u>	<u>22,164,863</u>
Total	<u>\$ 17,909,537</u>	<u>\$ 20,286,568</u>	<u>\$ 77,851</u>	<u>\$ 38,273,956</u>

**NOTE 18. 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, 2021, the estimated rebate liability on outstanding bond series was \$-0-.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 19. 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 20. 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	\$ 195,219,341	\$ -	\$ 101,030,352	\$ -	\$ 296,249,693
Investment income	79,510	-	34,142	475,363	589,015
Penalties, interest and other tax related income	1,018,120	-	341,686	-	1,359,806
Co-curricular student activities	470,761	1,605,925	-	-	2,076,686
Tuition and fees	1,850,935	1,094,153	-	-	2,945,088
Gifts and bequests	3,350	794,921	-	-	798,271
Facilities rentals	37,132	-	-	-	37,132
Insurance recovery	15,231	-	-	-	15,231
Other	223,664	-	-	-	223,664
Total	<u>\$ 198,918,044</u>	<u>\$ 3,494,999</u>	<u>\$ 101,406,180</u>	<u>\$ 475,363</u>	<u>\$ 304,294,586</u>

**DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 21. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Fund	Enterprise Fund	Total
State Foundation Revenue	\$ 3,183,954	\$ -	\$ -	\$ -	\$ 3,183,954
TASB Insurance Proceeds	585,853	-	-	-	585,853
Lunchroom Receipts	-	-	-	267,371	267,371
Food Commodities	-	-	-	77,157	77,157
State Textbook Fund	-	-	2,037,707	-	2,037,707
ESEA, Title IV, Part A	-	-	313	-	313
Summer School LEP	-	-	16,551	-	16,551
Ready to Read	-	-	716	-	716
Advanced Placement Incentives	-	-	176,160	-	176,160
Deaf Ed Mgmt Board	-	-	493,642	-	493,642
ADA/ASAHE	-	34,864	-	-	34,864
Total	<u>\$ 3,769,807</u>	<u>\$ 34,864</u>	<u>\$ 2,725,089</u>	<u>\$ 344,528</u>	<u>\$ 6,874,288</u>

**NOTE 22. GENERAL FUND FEDERAL SOURCE REVENUES**

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Impact Aid	84.041	\$ 148,057	\$ 148,057
Coronavirus Relief Funds	21.019	84,222	84,222
ESSER III Funds	84.425U	812,224	812,224
Medicaid Reimbursement	N/A	3,881,854	3,881,854
Junior ROTC	12.000	292,165	292,165
Indirect Costs	N/A	2,224,985	2,224,985
Total for General Fund		<u>\$7,443,507</u>	<u>\$7,443,507</u>

**NOTE 23. 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, 2021.

**NOTE 24. 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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the District had no students in the program for whom it was required to make contributions.

**NOTE 25. SUBSEQUENT EVENT**

Management has reviewed events subsequent to June 30, 2021 through November 15, 2021, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

**NOTE 26. RISKS AND UNCERTAINTIES**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of Texas. On January 31, 2021, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic, which disaster declaration he has subsequently extended. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation.

On June 3, 2021, TEA issued updated public planning health guidance in accordance with Executive Order GA-36 (which became effective June 5, 2021), to address on-campus instruction, administrative activities by teachers, staff or students that occur on school campuses, non-UIL extracurricular sports and activities, and any other activities that teachers, staff, or students must complete. Within the guidance, TEA instructs schools that, per Executive Order GA-36, school systems cannot require students or staff to wear a mask; however, school systems must allow individuals to wear a mask if they choose to do so.

Within the guidance, TEA instructs schools to notify their local health department, in accordance with applicable federal, state, and local laws and regulations, including any applicable confidentiality requirements, of individuals who have been in a school and test-confirmed to have COVID-19. Additionally, upon receipt of information that any teacher, staff member, student, or visitor at a school is test-confirmed to have COVID-19, the school must submit a report to the Texas Department of Health Services via its online portal.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

The TEA advised districts that for the 2020-2021 school year district funding would return to being based on "Average Daily Attendance" (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA") calculations requiring attendance to be taken. However, the TEA has crafted an approach for determining ADA during the pandemic that provides districts with several options for determining daily attendance. These include remote synchronous instruction, remote asynchronous instruction, on-campus instruction and the Texas Virtual Schools Network. To stabilize funding expectations, districts were initially provided an ADA grace period for the first two six weeks of the 2020-2021 school year. If a district's first two six-weeks average ADA is less than the ADA hold harmless projections (described below), the first two six-week attendance reporting periods for 2020-2021 were excluded from the calculation of annual ADA and student full-time equivalents ("FTE") for Foundation School Program ("FSP") funding purposes and replaced with the ADA and FTE hold harmless projections that were derived using a three-year average trend of final numbers from the 2017-2018 through 2019-2020 school years, unless the projection is both (i) 15% higher and (ii) 100 ADA higher than the 2020-2021 legislative planning estimate ("LPE") projections provided by the TEA to the State legislature pursuant to Section 48.269 of the Texas Education Code, in which case the 2020-2021 LPE ADA and FTE were used as the hold harmless projections.

The ADA hold harmless projection was also available for the third six-week attendance reporting period, but only for those districts that allowed on-campus instruction throughout the entire third six-week period, as further described below. The ADA hold harmless methodology was identical to the methodology used for the first two six-week attendance reporting periods, except that the third six-week period was examined independent of the first two six-week attendance reporting periods.

The ADA hold harmless projection was extended for the remainder of the 2020-2021 school year (the fourth, fifth, and sixth six-week attendance reporting periods). In order to qualify, a district must meet certain criteria established by the TEA related to on-campus.

The full extent of the ongoing impact of COVID-19 on the District's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The District continues to monitor the spread of COVID-19 and is working with local, State and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. The District's bonded debt is secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Additionally, State funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets.

## 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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.18073414%	0.187453402%	0.186453122%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 96,797,518	\$ 97,444,139	\$ 102,628,324
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	157,372,338	143,387,199	153,999,324
Total	<u>\$ 254,169,856</u>	<u>\$ 240,831,338</u>	<u>\$ 256,627,648</u>
District's Covered Payroll	\$ 226,767,291	\$ 207,572,939	\$ 199,791,322
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	42.69%	46.94%	51.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

<u>FY 2018</u>		<u>FY 2017</u>		<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2017</u>		<u>Plan Year 2016</u>		<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
0.178395853%		0.169962597%		0.1691892%		0.1151618%	
\$	57,041,383	\$	64,226,338	\$	59,806,130	\$	30,761,310
88,702,720		103,415,412		97,157,049		83,661,060	
\$	145,744,103	\$	167,641,750	\$	156,963,179	\$	114,422,370
\$	187,413,154	\$	174,953,893	\$	163,821,034	\$	154,554,318
30.44%		36.71%		36.51%		19.92%	
82.17%		78.00%		78.43%		83.25%	

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 8,028,985	\$ 7,320,420	\$ 6,490,864
Contribution in Relation to the Contractually Required Contribution	(8,028,985)	(7,320,420)	(6,490,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 233,634,721	\$ 223,650,339	\$ 206,220,120
Contributions as a Percentage of Covered Payroll	3.44%	3.27%	3.15%

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

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

2018		2017		2016		2015	
\$	6,223,824	\$	5,786,378	\$	5,322,188	\$	4,666,408
	(6,223,824)		(5,786,378)		(5,322,188)		(4,666,408)
\$	-	\$	-	\$	-	\$	-
\$	197,367,842	\$	185,528,986	\$	173,396,127	\$	163,129,441
	3.15%		3.12%		3.07%		2.86%

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.241818689%	0.238518907%	0.237684018%	\$ 0.219581563%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 91,926,204	\$ 112,798,512	\$ 118,677,806	\$ 95,487,785
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	123,526,783	149,883,993	170,791,151	\$ 146,774,672
Total	<u>\$ 215,452,987</u>	<u>\$ 262,682,505</u>	<u>\$ 289,468,957</u>	<u>\$ 242,262,457</u>
District's Covered Payroll	\$ 226,767,291	\$ 207,572,939	\$ 199,791,322	\$ 187,413,154
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	40.54%	54.34%	59.40%	\$ 50.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	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 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 1,918,048	\$ 1,813,010	\$ 1,683,734	\$ 1,558,100
Contribution in Relation to the Contractually Required Contribution	(1,918,048)	(1,813,010)	(1,683,734)	(1,558,100)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 233,634,721	\$ 223,650,339	\$ 206,220,120	\$ 197,367,842
Contributions as a Percentage of Covered Payroll	0.82%	0.81%	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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021

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:*

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

OPEB LIABILITY:

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

## COMBINING SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		205	211	224	225
		Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	411,028	730,621	880,502	22,266
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	6,000	-	-
1000	Total Assets	<u>\$ 411,028</u>	<u>\$ 736,621</u>	<u>\$ 880,502</u>	<u>\$ 22,266</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 69,989	\$ 27,689	\$ 61,103	\$ 285
2160	Accrued Wages Payable	195,179	344,022	442,472	9,650
2170	Due to Other Funds	145,860	364,910	376,927	12,331
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>411,028</u>	<u>736,621</u>	<u>880,502</u>	<u>22,266</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 411,028</u>	<u>\$ 736,621</u>	<u>\$ 880,502</u>	<u>\$ 22,266</u>

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 ESSER -School Emergency Relief	272 Medicaid Admin. Claim MAC	276 Instructional Continuity	277 Coronavirus Relief Fund CARES
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,605	\$ -	\$ -
-	161,620	70,197	7,120	787,879	-	11,230	-
4,151	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,151</u>	<u>\$ 161,620</u>	<u>\$ 70,197</u>	<u>\$ 7,120</u>	<u>\$ 787,879</u>	<u>\$ 3,605</u>	<u>\$ 11,230</u>	<u>\$ -</u>
\$ -	\$ 13,196	\$ 1,350	\$ -	\$ -	\$ 3,605	\$ -	\$ -
-	119,627	42,562	-	311,981	-	-	-
4,151	28,797	26,285	7,120	475,898	-	11,230	-
-	-	-	-	-	-	-	-
<u>4,151</u>	<u>161,620</u>	<u>70,197</u>	<u>7,120</u>	<u>787,879</u>	<u>3,605</u>	<u>11,230</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,151</u>	<u>\$ 161,620</u>	<u>\$ 70,197</u>	<u>\$ 7,120</u>	<u>\$ 787,879</u>	<u>\$ 3,605</u>	<u>\$ 11,230</u>	<u>\$ -</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		281 ESSER II	282 ESSER III	287 A.I.R. DLL	288 Summer School LEP
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 273	\$ 17,024
1240	Due from Other Governments	9,695,808	7,199,648	-	-
1260	Due from Other Funds	-	43	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 9,695,808</u>	<u>\$ 7,199,691</u>	<u>\$ 273</u>	<u>\$ 17,024</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ 273	\$ -
2160	Accrued Wages Payable	-	-	-	473
2170	Due to Other Funds	9,695,808	7,199,691	-	-
2300	Unearned Revenue	-	-	-	16,551
2000	Total Liabilities	<u>9,695,808</u>	<u>7,199,691</u>	<u>273</u>	<u>17,024</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 9,695,808</u>	<u>\$ 7,199,691</u>	<u>\$ 273</u>	<u>\$ 17,024</u>

289 ESEA Title IV Part A	309 SSA Adult Basic Education	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	394 TCEQ VW486
\$ -	\$ -	\$ -	\$ 6,132	\$ -	\$ -	\$ -	\$ -
10,889	210,212	-	5,525	82,023	-	-	1,063,741
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,083	-	-	-	-	-	-	-
<u>\$ 17,972</u>	<u>\$ 210,212</u>	<u>\$ -</u>	<u>\$ 11,657</u>	<u>\$ 82,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,741</u>
\$ 4,454	\$ 44,358	\$ -	\$ -	\$ 43,808	\$ -	\$ -	\$ -
2,635	22,011	-	11,452	25,499	-	-	-
10,570	143,843	-	205	12,716	-	-	1,063,741
313	-	-	-	-	-	-	-
<u>17,972</u>	<u>210,212</u>	<u>-</u>	<u>11,657</u>	<u>82,023</u>	<u>-</u>	<u>-</u>	<u>1,063,741</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 17,972</u>	<u>\$ 210,212</u>	<u>\$ -</u>	<u>\$ 11,657</u>	<u>\$ 82,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,741</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		397 Advanced Placement Incentives	410 State Instructional Materials	413 TCEQ VW444	421 SPED Fiscal Support
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 176,851	\$ 2,037,707	\$ -	\$ 41,007
1240	Due from Other Governments	-	-	546,599	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 176,851</u>	<u>\$ 2,037,707</u>	<u>\$ 546,599</u>	<u>\$ 41,007</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 691	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	40,286
2170	Due to Other Funds	-	-	546,599	721
2300	Unearned Revenue	176,160	2,037,707	-	-
2000	Total Liabilities	<u>176,851</u>	<u>2,037,707</u>	<u>546,599</u>	<u>41,007</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 176,851</u>	<u>\$ 2,037,707</u>	<u>\$ 546,599</u>	<u>\$ 41,007</u>

423 School Safety and Security Grant	424 Blended Learning	425 Ready to Read	428 Summer CTE	429 Grow Your Own	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf	446 Deaf Ed Mgmt Board
\$ -	\$ -	\$ 655	\$ -	\$ -	\$ -	\$ -	\$ 636,170
-	2,000	61	-	-	41,027	224,867	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,027</u>	<u>\$ 224,867</u>	<u>\$ 636,170</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,339
-	-	-	-	-	-	62,919	137,754
-	2,000	-	-	-	41,027	161,948	2,435
-	-	716	-	-	-	-	493,642
<u>-</u>	<u>2,000</u>	<u>716</u>	<u>-</u>	<u>-</u>	<u>41,027</u>	<u>224,867</u>	<u>636,170</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,027</u>	<u>\$ 224,867</u>	<u>\$ 636,170</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		461 Campus Activity Funds	490 Local Grants	496 LEA ARP	497 2021 Winter Storm
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 2,734,449	\$ 1,020,836	\$ 65,520	\$ 6,298,607
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	16
1290	Other Receivables	-	100	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	17,426	7,951	-	-
1000	Total Assets	<u>\$ 2,751,875</u>	<u>\$ 1,028,887</u>	<u>\$ 65,520</u>	<u>\$ 6,298,623</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 100,216	\$ 28,664	\$ 50,684	\$ 6,295,885
2160	Accrued Wages Payable	-	1,950	14,836	2,738
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>100,216</u>	<u>30,614</u>	<u>65,520</u>	<u>6,298,623</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	17,426	7,951	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	2,634,233	990,322	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>2,651,659</u>	<u>998,273</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,751,875</u>	<u>\$ 1,028,887</u>	<u>\$ 65,520</u>	<u>\$ 6,298,623</u>

498 COVID-19 Local Activity	Total Nonmajor Special Revenue Funds	479 Lewis Price Trust Fund	Total Nonmajor Governmental Funds
\$ -	\$ 13,038,836	\$ 14,247	\$ 13,053,083
-	22,164,863	-	22,164,863
-	4,210	-	4,210
-	100	-	100
564,805	564,805	-	564,805
-	38,460	-	38,460
<u>\$ 564,805</u>	<u>\$ 35,811,274</u>	<u>\$ 14,247</u>	<u>\$ 35,825,521</u>
\$ -	\$ 6,748,589	\$ -	\$ 6,748,589
-	1,788,046	-	1,788,046
-	20,334,813	-	20,334,813
-	2,725,089	-	2,725,089
<u>-</u>	<u>31,596,537</u>	<u>-</u>	<u>31,596,537</u>
564,805	564,805	-	564,805
-	-	1,000	1,000
-	25,377	-	25,377
-	3,624,555	-	3,624,555
-	-	13,247	13,247
<u>564,805</u>	<u>4,214,737</u>	<u>14,247</u>	<u>4,228,984</u>
<u>\$ 564,805</u>	<u>\$ 35,811,274</u>	<u>\$ 14,247</u>	<u>\$ 35,825,521</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	205  Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,596,793	3,291,065	5,010,346	65,723
5020 Total Revenues	1,596,793	3,291,065	5,010,346	65,723
EXPENDITURES:				
Current:				
0011 Instruction	1,345,162	1,870,256	1,751,222	65,723
0012 Instructional Resources and Media Services	-	30,247	-	-
0013 Curriculum and Instructional Staff Development	75,483	918,046	624,343	-
0021 Instructional Leadership	-	675	50,180	-
0023 School Leadership	29,226	137,724	-	-
0031 Guidance, Counseling, and Evaluation Services	12,748	237,593	2,581,190	-
0032 Social Work Services	99,444	15,350	-	-
0033 Health Services	303	-	3,248	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	34,427	81,174	163	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,596,793	3,291,065	5,010,346	65,723
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)	\$ -	\$ -	\$ -	\$ -

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 ESSER -School Emergency Relief	272 Medicaid Admin. Claim MAC	276 Instructional Continuity	277 Coronavirus Relief Fund CARES
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
432,974	1,268,770	589,291	49,980	2,276,003	116,990	28,460	1,196,991
432,974	1,268,770	589,291	49,980	2,276,003	116,990	28,460	1,196,991
-	-	354,793	-	2,276,003	26,485	28,460	1,196,991
-	-	-	-	-	-	-	-
-	597,458	169,235	-	-	-	-	-
-	30	-	-	-	7,019	-	-
-	671,282	4,000	-	-	-	-	-
-	-	-	-	-	83,486	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	49,980	-	-	-	-
432,974	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	61,263	-	-	-	-	-
-	-	-	-	-	-	-	-
432,974	1,268,770	589,291	49,980	2,276,003	116,990	28,460	1,196,991
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	281 ESSER II	282 ESSER III	287 A.I.R. DLL	288 Summer School LEP
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	9,695,808	6,272,222	3,858	1,199
5020 Total Revenues	9,695,808	6,272,222	3,858	1,199
EXPENDITURES:				
Current:				
0011 Instruction	9,624,168	3,922,261	3,116	-
0012 Instructional Resources and Media Services	-	67,728	-	-
0013 Curriculum and Instructional Staff Development	-	48,059	742	1,199
0021 Instructional Leadership	-	39,793	-	-
0023 School Leadership	-	238,956	-	-
0031 Guidance, Counseling, and Evaluation Services	-	117,193	-	-
0032 Social Work Services	-	11,322	-	-
0033 Health Services	-	1,267,720	-	-
0034 Student (Pupil) Transportation	-	137,850	-	-
0035 Food Services	-	113,102	-	-
0036 Extracurricular Activities	-	9,084	-	-
0041 General Administration	-	57,062	-	-
0051 Facilities Maintenance and Operations	-	112,328	-	-
0052 Security and Monitoring Services	-	6,519	-	-
0053 Data Processing Services	-	68,921	-	-
0061 Community Services	71,640	54,324	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	9,695,808	6,272,222	3,858	1,199
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)	\$ -	\$ -	\$ -	\$ -

289 ESEA Title IV Part A	309 SSA Adult Basic Education	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	394 TCEQ VW486
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	14,138	1,063,741
290,042	1,409,853	182,963	65,845	262,830	1,443	-	-
290,042	1,409,853	182,963	65,845	262,830	1,443	14,138	1,063,741
233,851	1,242,901	181,410	65,845	122,704	1,443	14,138	-
-	-	-	-	-	-	-	-
17,217	119,910	-	-	31,738	-	-	-
-	18,433	1,553	-	3,740	-	-	-
-	-	-	-	-	-	-	-
38,974	-	-	-	104,648	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,063,741
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,677	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	20,932	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
290,042	1,409,853	182,963	65,845	262,830	1,443	14,138	1,063,741
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	397 Advanced Placement Incentives	410 State Instructional Materials	413 TCEQ VW444	421 SPED Fiscal Support
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 20	\$ -	\$ -
5800 State Program Revenues	3,958	3,552,682	546,599	370,874
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	3,958	3,552,702	546,599	370,874
EXPENDITURES:				
Current:				
0011 Instruction	3,058	3,453,442	-	57,868
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	300	5,000	-	-
0021 Instructional Leadership	150	-	-	-
0023 School Leadership	450	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	14,500	-	313,006
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	546,599	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	1,220	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	78,540	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	3,958	3,552,702	546,599	370,874
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)	\$ -	\$ -	\$ -	\$ -

423 School Safety and Security Grant	424 Blended Learning	425 Ready to Read	428 Summer CTE	429 Grow Your Own	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf	446 Deaf Ed Mgmt Board
\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	1,094,133
440,381	7,000	-	21,105	27,878	278,378	395,149	-
-	-	-	-	-	-	-	-
440,381	7,000	-	21,105	27,878	278,378	395,149	1,094,133
-	-	-	21,105	16,190	275,160	395,149	1,017,357
-	-	-	-	-	-	-	-
-	7,000	-	-	8,488	1,200	-	814
-	-	-	-	-	2,018	-	75,727
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	235
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,200	-	-	-
-	-	-	-	-	-	-	-
440,381	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
440,381	7,000	-	21,105	27,878	278,378	395,149	1,094,133
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	-

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	461 Campus Activity Funds	490 Local Grants	496 LEA ARP	497 2021 Winter Storm
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,825,224	\$ 575,622	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	1,825,224	575,622	-	-
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	656,304	305,947	-	481,648
0012 Instructional Resources and Media Services	37,165	13,048	-	170
0013 Curriculum and Instructional Staff Development	30,449	133,831	-	787
0021 Instructional Leadership	-	-	-	4,549
0023 School Leadership	68,980	18,330	-	3,877
0031 Guidance, Counseling, and Evaluation Services	8,378	12,331	-	1,035
0032 Social Work Services	-	-	-	-
0033 Health Services	256	-	-	280
0034 Student (Pupil) Transportation	-	-	-	432
0035 Food Services	-	-	-	5,747
0036 Extracurricular Activities	455,264	-	-	1,487
0041 General Administration	-	11,960	-	26,065
0051 Facilities Maintenance and Operations	13,970	41,480	-	36,103
0052 Security and Monitoring Services	730	32,603	-	-
0053 Data Processing Services	-	-	-	8,311
0061 Community Services	2,290	8	-	57
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	152,572	-	9,602,705
6030 Total Expenditures	1,273,786	722,110	-	10,173,253
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	551,438	(146,488)	-	(10,173,253)
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	10,173,253
8911 Transfers Out (Use)	(1,573)	-	-	-
7080 Total Other Financing Sources (Uses)	(1,573)	-	-	10,173,253
1200 Net Change in Fund Balance	549,865	(146,488)	-	-
0100 Fund Balance - July 1 (Beginning)	2,101,794	1,144,761	-	-
3000 Fund Balance - June 30 (Ending)	\$ 2,651,659	\$ 998,273	\$ -	\$ -

498	Total	479	Total
COVID-19	Nonmajor	Lewis Price	Nonmajor
Local	Special	Trust	Governmental
Activity	Revenue Funds	Fund	Funds
\$ -	\$ 3,494,999	\$ 4	\$ 3,495,003
-	6,721,883	-	6,721,883
-	34,109,449	-	34,109,449
-	44,326,331	4	44,326,335
-	31,010,160	-	31,010,160
-	148,358	-	148,358
-	2,791,299	-	2,791,299
-	203,867	-	203,867
-	1,172,825	-	1,172,825
-	3,525,317	-	3,525,317
-	126,116	-	126,116
-	1,271,807	-	1,271,807
-	1,798,602	-	1,798,602
-	551,823	-	551,823
-	469,035	-	469,035
-	96,307	-	96,307
-	211,558	-	211,558
-	480,233	-	480,233
-	176,704	-	176,704
-	305,346	-	305,346
-	9,755,277	-	9,755,277
-	54,094,634	-	54,094,634
-	(9,768,303)	4	(9,768,299)
500,000	10,673,253	-	10,673,253
(695,293)	(696,866)	-	(696,866)
(195,293)	9,976,387	-	9,976,387
(195,293)	208,084	4	208,088
760,098	4,006,653	14,243	4,020,896
\$ 564,805	\$ 4,214,737	\$ 14,247	\$ 4,228,984

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2021

	752 Print Shop	753 Workers Compensation	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 17,356	\$ 3,284,659	\$ 3,302,015
Other Receivables	67	227	294
Inventories	4,671	-	4,671
Prepayments	-	3,352	3,352
Total Current Assets	<u>22,094</u>	<u>3,288,238</u>	<u>3,310,332</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	26,269	-	26,269
Depreciation on Furniture and Equipment	(9,047)	-	(9,047)
Total Noncurrent Assets	<u>17,222</u>	<u>-</u>	<u>17,222</u>
Total Assets	<u>39,316</u>	<u>3,288,238</u>	<u>3,327,554</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	22,008	53,914	75,922
Accrued Wages Payable	86	(311)	(225)
Accrued Expenses	-	999,895	999,895
Total Liabilities	<u>22,094</u>	<u>1,053,498</u>	<u>1,075,592</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to TRS Pensions	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Unrestricted Net Position	<u>17,222</u>	<u>2,234,740</u>	<u>2,251,962</u>
Total Net Position	<u>\$ 17,222</u>	<u>\$ 2,234,740</u>	<u>\$ 2,251,962</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	752	753	
	Print Shop	Workers Compensation	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 168,732	\$ 1,142,469	\$ 1,311,201
Total Operating Revenues	<u>168,732</u>	<u>1,142,469</u>	<u>1,311,201</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	177,940	84,405	262,345
Professional and Contracted Services	138,807	67,800	206,607
Supplies and Materials	47,323	15,406	62,729
Other Operating Costs	-	419,944	419,944
Depreciation Expense	291	-	291
Total Operating Expenses	<u>364,361</u>	<u>587,555</u>	<u>951,916</u>
Operating Income (Loss)	<u>(195,629)</u>	<u>554,914</u>	<u>359,285</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Earnings from Temporary Deposits & Investments	-	1,152	1,152
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,152</u>	<u>1,152</u>
Income (Loss) Before Transfers	(195,629)	556,066	360,437
Transfer In	212,851	-	212,851
Transfers Out	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
Change in Net Position	17,222	56,066	73,288
Total Net Position - July 1 (Beginning)	<u>-</u>	<u>2,178,674</u>	<u>2,178,674</u>
Total Net Position - June 30 (Ending)	<u>\$ 17,222</u>	<u>\$ 2,234,740</u>	<u>\$ 2,251,962</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	752	753	Total
	Print Shop	Workers Compensation	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ -	\$ 1,142,242	\$ 1,142,242
Cash Received from Charges and Fees	168,665	-	168,665
Cash Payments for Payroll Costs	(178,288)	(84,716)	(263,004)
Cash Payments for Purchased Services	(138,808)	(67,800)	(206,608)
Cash Payments for Supplies and Materials	(22,736)	(16,100)	(38,836)
Cash Payments for Claims	-	(363,186)	(363,186)
Net Cash Provided by (Used for) Operating Activities	(171,167)	610,440	439,273
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Purchase of Capital Assets	(17,513)	-	(17,513)
Transfers In (Out)	212,851	(500,000)	(287,149)
Net Cash Provided by (Used for) Capital & Related	195,338	(500,000)	(304,662)
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	-	1,152	1,152
Net Increase in Cash and Cash Equivalents	24,171	111,592	135,763
Cash and Cash Equivalents at Beginning of Year	(6,815)	3,173,067	3,166,252
Cash and Cash Equivalents at End of Year	\$ 17,356	\$ 3,284,659	\$ 3,302,015
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (195,629)	\$ 554,914	\$ 359,285
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	291	-	291
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(67)	(227)	(294)
Decrease (increase) in Inv./Prepayments	8,808	(694)	8,114
Increase (decrease) in Accounts Payable	15,778	53,914	69,692
Increase (decrease) in Accrued Wages Payable	(348)	(311)	(659)
Increase (decrease) in Accrued Expenses	-	2,844	2,844
Net Cash Provided by (Used for) Operating Activities	\$ (171,167)	\$ 610,440	\$ 439,273

## REQUIRED T.E.A. SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
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	1.060000	0.480000	17,771,688,442
2020	0.990000	0.480000	19,914,985,782
2021 (School year under audit)	0.927600	0.480000	21,078,524,297
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 255,167	\$ -	\$ 10,969	\$ 4,607	\$ (615)	\$ 238,976
47,999	-	20,642	9,726	3,313	20,944
75,299	-	22,249	10,483	490	43,057
191,137	-	77,075	37,055	23,950	100,957
220,576	-	84,045	40,406	26,224	122,349
535,060	-	222,020	106,740	(65,705)	140,595
680,874	-	268,471	121,572	93,066	383,897
866,463	-	211,417	95,736	(9,028)	550,282
2,469,504	-	637,481	309,082	(822,307)	700,634
-	296,701,308	193,343,331	100,048,296	-	3,309,681
<u>\$ 5,342,079</u>	<u>\$ 296,701,308</u>	<u>\$ 194,897,700</u>	<u>\$ 100,783,703</u>	<u>\$ (750,612)</u>	<u>\$ 5,611,372</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,646,553	\$ 4,646,553	\$ 787,243	\$ (3,859,310)
5800 State Program Revenues	70,000	70,000	67,126	(2,874)
5020 Total Revenues	4,716,553	4,716,553	854,369	(3,862,184)
EXPENDITURES:				
Current:				
0035 Food Services	14,221,850	14,221,850	12,409,888	1,811,962
6030 Total Expenditures	14,221,850	14,221,850	12,409,888	1,811,962
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,505,297)	(9,505,297)	(11,555,519)	(2,050,222)
OTHER FINANCING SOURCES (USES):				
7952 National School Breakfast Program	2,413,500	2,413,500	2,117,623	(295,877)
7953 National School Lunch Program	6,056,000	6,056,000	6,733,533	677,533
7954 Donated Commodities (USDA)	1,000,000	1,000,000	923,487	(76,513)
7955 Investment Income	35,797	35,797	972	(34,825)
7080 Total Other Financing Sources (Uses)	9,505,297	9,505,297	9,775,615	270,318
1200 Change in Net Position	-	-	(1,779,904)	(1,779,904)
0100 Total Net Position - July 1 (Beginning)	(6,560,834)	(6,560,834)	(6,560,834)	-
3000 Total Net Position - June 30 (Ending)	\$ (6,560,834)	\$ (6,560,834)	\$ (8,340,738)	\$ (1,779,904)

DENTON INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 105,641,727	\$ 100,449,046	\$ 101,406,180	\$ 957,134
5800	State Program Revenues	979,190	914,530	944,555	30,025
5020	Total Revenues	106,620,917	101,363,576	102,350,735	987,159
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	51,471,110	51,819,131	31,628,016	20,191,115
0072	Interest on Long-Term Debt	54,397,561	54,397,561	51,721,415	2,676,146
0073	Bond Issuance Cost and Fees	750,964	2,650,243	2,567,308	82,935
6030	Total Expenditures	106,619,635	108,866,935	85,916,739	22,950,196
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,282	(7,503,359)	16,433,996	23,937,355
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued	-	290,835,000	290,835,000	-
7916	Premium or Discount on Issuance of Bonds	-	50,312,368	50,312,368	-
7949	Other Resources	-	-	9,218	9,218
8949	Other (Uses)	-	(338,895,713)	(338,895,713)	-
7080	Total Other Financing Sources (Uses)	-	2,251,655	2,260,873	9,218
1200	Net Change in Fund Balances	1,282	(5,251,704)	18,694,869	23,946,573
0100	Fund Balance - July 1 (Beginning)	78,803,292	78,803,292	78,803,292	-
3000	Fund Balance - June 30 (Ending)	\$ 78,804,574	\$ 73,551,588	\$ 97,498,161	\$ 23,946,573

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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, 2021, 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 15, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Hankins, Eastup, Deaton, Tonn & Seay". The signature is written in a cursive, flowing style.

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

November 15, 2021

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, 2021. 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, 2021.

## Report on Internal Control Over Compliance

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

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

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

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



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

November 15, 2021

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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:

ALN 84.367	ESEA Title II, Part A
ALN 84.010	ESEA Title I
ALN 84.002	Adult Basic Education
ALN 84.425	Education Stabilization Fund
ALN 21.019	Coronavirus Relief Fund
8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,393,293.
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, 2021

None

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF THE TREASURY</b>			
<u>Passed Through State Department of Education</u>			
CRF - Bulk Purchase Local Match Reimbursement	21.019	52202002	\$ 598,495
Total Passed Through State Department of Education			598,495
<u>Passed Through City of Denton</u>			
Coronavirus Relief Funds	21.019	01-061901	571,168
Total Passed Through City of Denton			571,168
<u>Passed Through Town of Providence Village</u>			
Coronavirus Relief Funds	21.019	01-061901	27,328
Total Passed Through Town of Providence Village			27,328
<b>TOTAL DEPARTMENT OF THE TREASURY</b>			1,196,991
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
ROTC	12.000	01-061901	292,165
Total Direct Programs			292,165
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			292,165
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	01-061901	148,057
Total Direct Programs			148,057
<u>Passed through American Institute of Research</u>			
Descrubiendo La Lectura (DLL)	84.365	R305A160060	3,857
Total Passed through American Institute of Research			3,857
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101061901	703,803
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101061901	2,507,191
ESEA, Title I, Part D, Subpart 2	84.010A	20610103061901	52,866
ESEA, Title I, Part D, Subpart 2	84.010A	21610103061901	138,768
Total Assistance Listing Number 84.010A			3,402,628
*IDEA - Part B, Formula	84.027	206600010619016600	1,767,767
*IDEA - Part B, Formula	84.027	216600010619016600	3,400,160
*SSA - IDEA - Part B, Discretionary	84.027	206600110619016673	2,462
*SSA - IDEA - Part B, Discretionary	84.027	216600110619016673	63,383
Total Assistance Listing Number 84.027			5,233,772
Total Special Education Cluster (IDEA)			5,299,495
SSA - Career and Technical - Basic Grant	84.048	20420006061901	9,575
SSA - Career and Technical - Basic Grant	84.048	21420006061901	253,255
Total Assistance Listing Number 84.048			262,830
*IDEA - Part B, Preschool	84.173	206610010619016610	15,198
*IDEA - Part B, Preschool	84.173	216610010619016610	50,525
Total Assistance Listing Number 84.173			65,723

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total Special Education Cluster (IDEA)			5,299,495
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	213911010619013911	1,443
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	216950167110013	49,980
Title III, Part A - English Language Acquisition	84.365A	20671001061901	188,932
Title III, Part A - English Language Acquisition	84.365A	21671001061901	406,232
Total Assistance Listing Number 84.365A			595,164
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501061901	167,040
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501061901	447,103
ESEA, Title II, Part A, 20-21 Princ Residency Grant	84.367A	206945677110003	671,282
Total Assistance Listing Number 84.367A			1,285,425
Summer School LEP	84.369A	69551901	1,199
Instructional Continuity	84.377A	17610740061901	29,520
ESEA, Title IV, Part A	84.424A	20680101061901	78,061
ESEA, Title IV, Part A	84.424A	21680101061901	136,294
Total Assistance Listing Number 84.424A			214,355
CRF Operation Connectivity Prior Purchase Reimb Program	84.425D	52102135	2,661,539
ESSER Relief Fund I	84.425D	20521001061901	2,615,628
ESSER Relief Fund III	84.425D	21528001061901	7,199,648
ESSER Relief Fund II	84.425U	21521001061901	6,962,629
CRRSA Child Care Relief Funds	84.425R	2921CCR002792	71,640
Total Assistance Listing Number 84.425			19,511,084
Total Passed Through State Department of Education			30,653,123
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>30,805,037</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Head Start	93.600	06CH010978-02-02	1,435,005
Head Start	93.600	06CH010978-02-C3	161,792
Total Assistance Listing Number 93.600			1,596,797
Provider Relief Funds	93.498	01-061901	82,062
Total Direct Programs			1,678,859
<u>Passed through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00169	116,990
Total Passed through Texas Health and Human Services Commission			116,990
<u>Passed Through Texas Workforce Commission</u>			
SSA - Adult Education (ABE) - Federal	84.002A	0418ALAB00	30,251
SSA - Adult Education (ABE) - Federal	84.002A	0418ALAC00	1,368,133
SSA - Adult Education (ABE) - Federal	84.002A	0420AEL001	57,647
Total Assistance Listing Number 84.002A			1,456,031
SSA - Temporary Assistance for Needy Families	93.558		189,410
Total Passed Through Texas Workforce Commission			1,645,441
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>3,441,290</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402101	2,117,623
*National School Lunch Program - Cash Assistance	10.555	71302101	7,039,154
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302101	923,487
*USDA EOC Reimbursement	10.555	01-061901-00296	194,378
Total Assistance Listing Number 10.555			8,157,019
*Summer Feeding Program - Cash Assistance	10.559	TX061-1901	432,974
Total Child Nutrition Cluster			10,707,616
Total Passed Through the State Department of Agriculture			10,707,616
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			10,707,616
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 46,443,099</b>
*Clustered Programs			

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

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

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- Assistance listing numbers for commodity assistance are the assistance listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$2,224,985.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$46,443,099
SHARS Revenue reported in the General Fund	3,881,853
Tax Credit Revenue reported in the Debt Service Fund	-
Plus Revenue Received for Coronavirus Relief Fund for FY20 Expenditures	<u>1,002,647</u>
Total Federal Program Revenue	<u>\$51,327,599</u>