

DENTON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED JUNE 30, 2022

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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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, 2022, at a meeting of the Board of Trustees of such school district on the 15th day of November, 2022.

Signature of Board Secretary

Signature of Board President

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**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Denton Independent School District
Denton, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Denton Independent School District as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Denton Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Denton Independent School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Denton Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Denton Independent School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Denton Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

As discussed in Note 29 to the financial statements, during the current fiscal year the District determined that recording its food service operations in a special revenue fund rather than an enterprise fund was considered preferable. Our opinion is not modified with respect to this matter.

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 page 70 through 78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of Denton Independent School District's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Denton Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton Independent School District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay, PC

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas
November 15, 2022

**DENTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022
(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, 2022. 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 \$53,188,466.
- The District's total net position increased by \$50,659,060 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 \$470,669,030. Over 17% of this total amount (\$82,917,300) 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 \$82,926,100 was 26.29% 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 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 forty-two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which are considered to be major funds. Data from the other thirty-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.
- Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and the print shop.
- Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a separate statement of changes in fiduciary fund net position that can be found on pages 32 and 33. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from \$11,072,368 at June 30, 2021 to \$53,188,466 at June 30, 2022. 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 \$150,820,601 at June 30, 2022. The current year operating increase was the result of several factors. First, the District's revenues exceeded expenditures by \$57,123,317 (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 \$34,785,274. Also, various adjustments totaling \$29,778,264 were posted to revenues and expenses to account for prepaid expenses, interest accruals and tax revenues earned during the period under the full accrual method of accounting. Changes in the net pension and OPEB activity increased net position by \$6,883,491, while a prior period adjustment related to the food service fund decreased net position by

In 2022, net position of our business-type activities decreased by \$3,772 from the results of current year operations. The business-type activities represent significant services to the community through the athletic stadium concession activities.

Table I
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 774,319,270	\$ 556,196,810	\$ 781,672	\$ 24,818	\$ 775,100,942	\$ 556,221,628
Capital assets	1,061,018,126	1,231,473,450	2,715,029	10,489	1,063,733,155	1,231,483,939
Total assets	1,835,337,396	1,787,670,260	3,496,701	35,307	1,838,834,097	1,787,705,567
Deferred outflows of resources	153,690,521	174,610,685	3,230,548	-	156,921,069	174,610,685
Total assets and deferred outflows of resources	1,989,027,917	1,962,280,945	6,727,249	35,307	1,995,755,166	1,962,316,252
Long-term liabilities	1,789,484,031	1,686,713,295	9,962,725	-	1,799,446,756	1,686,713,295
Other liabilities	108,545,467	98,930,823	613,273	1,537	109,158,740	98,932,360
Total liabilities	1,898,029,498	1,785,644,118	10,575,998	1,537	1,908,605,496	1,785,645,655
Deferred inflows of resources	79,926,051	123,448,361	4,454,447	-	84,380,498	123,448,361
Total liabilities and deferred inflows of resources	1,977,955,549	1,909,092,479	15,030,445	1,537	1,992,985,994	1,909,094,016
Net Position:						
Net investments in capital assets	60,883,980	103,791,348	2,715,029	10,489	63,599,009	103,801,837
Restricted	97,510,658	100,217,719	-	-	97,510,658	100,217,719
Unrestricted	(147,322,270)	(150,820,601)	(11,018,225)	23,281	(158,340,495)	(150,797,320)
Total Net Position	\$ 11,072,368	\$ 53,188,466	\$ (8,303,196)	\$ 33,770	\$ 2,769,172	\$ 53,222,236

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 9,303,023	\$ 15,004,921	\$ 933,267	\$ 141,213	\$ 10,236,290	\$ 15,146,134
Operating grants and contribution	67,165,645	74,354,051	9,774,643	-	76,940,288	74,354,051
General Revenues:						
Maintenance and operations tax	195,923,985	203,695,071	-	-	195,923,985	203,695,071
Debt service taxes	101,273,736	110,611,653	-	-	101,273,736	110,611,653
State aid - formula grants	76,355,595	78,239,148	-	-	76,355,595	78,239,148
Interest earnings	590,167	974,121	972	-	591,139	974,121
Miscellaneous	227,014	1,070,579	-	-	227,014	1,070,579
Total Revenue	<u>450,839,165</u>	<u>483,949,544</u>	<u>10,708,882</u>	<u>141,213</u>	<u>461,548,047</u>	<u>484,090,757</u>
Expenses:						
Instruction, curriculum and medi. services	254,244,857	251,941,647	-	-	254,244,857	251,941,647
Instructional and school leadersh	25,236,531	25,642,079	-	-	25,236,531	25,642,079
Student support services	31,004,210	32,466,093	-	-	31,004,210	32,466,093
Food services	822,365	17,154,898	12,409,888	-	13,232,253	17,154,898
Cocurricular activities	8,089,402	9,325,923	98,572	144,985	8,187,974	9,470,908
General administration	11,964,555	11,465,984	-	-	11,964,555	11,465,984
Plant maintenance, security and data processing	41,462,314	48,279,863	-	-	41,462,314	48,279,863
Community services	3,072,022	4,561,177	-	-	3,072,022	4,561,177
Debt services	27,303,908	30,114,510	-	-	27,303,908	30,114,510
Intergovernmental charges	2,282,515	2,338,310	-	-	2,282,515	2,338,310
Total Expenses	<u>405,482,679</u>	<u>433,290,484</u>	<u>12,508,460</u>	<u>144,985</u>	<u>417,991,139</u>	<u>433,435,469</u>
Increase (Decrease) in Net Position	45,356,486	50,659,060	(1,799,578)	(3,772)	43,556,908	50,655,288
Net Position - beginning of year	(34,284,118)	11,072,368	(6,503,618)	(8,303,196)	(40,787,736)	2,769,172
Prior period adjustment	-	(8,542,962)	-	8,340,738	-	(202,224)
Net Position - end of year	<u>\$11,072,368</u>	<u>\$ 53,188,466</u>	<u>\$ (8,303,196)</u>	<u>\$ 33,770</u>	<u>\$ 2,769,172</u>	<u>\$ 53,222,236</u>

The cost of all governmental activities for the current fiscal period was \$433,290,484. 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 \$314,306,724 because some of the costs were paid by those who directly benefited from the programs (\$15,004,921) or by State equalization funding (\$78,239,148).

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 \$470,669,030 a decrease of \$208,341,956 from the prior year. Approximately 24% of this total amount (\$114,618,912) 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 (\$93,684,814), food service (\$3,755,848), or for capital projects (\$257,441,118), or already spent on prepaid items (\$321,969), inventories (\$845,369) 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 \$82,926,100, while the total fund balance was \$108,682,042. 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 26.29% of the total general fund expenditures, while the total fund balance represents 34.45% of that same amount.

The fund balance of the District's general fund increased by \$96,382 during the current fiscal year, compared to a \$5,817,250 increase in the previous year. Key factors related to this change are as follows:

- A \$7,599,000 increase in property tax revenues combined with an \$1,883,553 increase in state per capita and foundation revenue contributed to a \$15,311,784 overall increase in total revenues. However, expenditures increased \$21,867,796 due primarily to an \$11,886,889 increase in instructional expenditures.

The debt service fund has a total fund balance of \$93,684,814, all of which is reserved for the payment of debt service. The net decrease in fund balance during the period in the debt service fund was \$3,813,347, compared to an \$18,694,869 increase in the previous year. Tax revenues were \$9,259,426 higher than the previous year but debt service expenditures were \$30,622,126 higher due to higher bond principal payments including a bond defeasance.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund decreased by \$208,333,005 due primarily to \$209,162,878 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, 2021). 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 \$108,682,042 reported on page 20 differs from the General Fund's budgetary fund balance of \$100,133,949 reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual 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, 2022, the District had \$1,231,473,450 (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 \$170,455,324, or 16.06%, 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.	\$ 33,840,325
Continuing construction costs on a new middle school, paid for with proceeds of general obligation bonds issued in a prior year.	29,026,230
Continuing construction costs on a new elementary school, paid for with proceeds of general obligation bonds issued in a prior year.	18,579,942
Continuing construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds.	39,507,920
Initial construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds.	15,452,720
Initial construction costs on a new transportation facility, paid for with proceeds of general obligation bonds.	8,118,305
Continuing construction costs on renovations and additions to an existing high school, paid for with proceeds of general obligation bonds.	6,903,987
Totaling	<u>\$151,429,429</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 \$1,350,157,224 in bonds outstanding (including accreted interest on bonds) versus \$1,413,050,041 last year—a decrease of 4.45%. New debt incurred during the fiscal period consisted of the issuance of four refunding bond series. The District's underlying rating for unlimited tax bonds is "AA" by S&P, and "AA-" by Fitch but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

Other obligations include 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 \$0.8820 and a debt service rate of \$0.48 for the fiscal year 2021-2022, making the total tax rate necessary to fund the 2021-2022 budget \$1.3620. This represents a decrease of \$0.0456 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 2021 tax year was \$1,851,291,959 or 9.62%.

The Board of Trustees of the Denton Independent School District adopted a total tax rate of \$1.3446 per \$100 of assessed value for 2022-2023. The M & O tax rate will decrease to \$.8646, and the debt service tax rate will remain at \$0.48 for a total rate of \$1.3446. The District's certified values increased \$4,245,908,273 or 20.12% for 2022.

State funding for 2022-2023 is projected to be \$76,283,918 or 24.19% of the total budget compared to \$88,995,552 or 29.60% for 2021-2022.

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 2022-2023 budget includes approximately \$11,205,532 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. Projecting attendance for the 2022-2023 school year was complicated due to the lower than normal attendance experienced in 2021-2022, a result of the COVID-19 pandemic. Furthermore, the new formula restricts overall state foundation and local tax revenue growth to 2.5% unless the District has additional student growth. While, we have seen a setback in average daily attendance due to COVID-19, fortunately for Denton ISD, demographic modeling reflects continued student growth for the foreseeable future. Districts were provided a hold harmless Average Daily Attendance (ADA) in 2021-2022 for the first four six weeks to help sustain their funding level. However, the hold harmless ADA did not extend throughout the remainder of the year; nor does it extend into next fiscal year. Taking into account attendance projections as well as an increase in appraised property value, Denton ISD will receive approximately \$12,711,634 less in state funding for 2022-2023 than in the prior year's adopted budget. Property tax collections are expected to increase by \$26,112,179.

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, 2022

EXHIBIT A-1

		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 521,410,836	\$ 24,818	\$ 521,435,654
1220	Property Taxes - Delinquent	4,885,085	-	4,885,085
1230	Allowance for Uncollectible Taxes	(185,284)	-	(185,284)
1240	Due from Other Governments	28,017,790	-	28,017,790
1290	Other Receivables, Net	896,005	-	896,005
1300	Inventories	850,409	-	850,409
1410	Prepayments	321,969	-	321,969
Capital Assets:				
1510	Land	72,591,336	-	72,591,336
1520	Buildings, Net	799,974,205	-	799,974,205
1530	Furniture and Equipment, Net	20,089,228	10,489	20,099,717
1580	Construction in Progress	338,818,681	-	338,818,681
1000	Total Assets	1,787,670,260	35,307	1,787,705,567
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	111,696,414	-	111,696,414
1705	Deferred Outflow Related to TRS Pension	34,717,166	-	34,717,166
1706	Deferred Outflow Related to TRS OPEB	28,197,105	-	28,197,105
1700	Total Deferred Outflows of Resources	174,610,685	-	174,610,685
LIABILITIES				
2110	Accounts Payable	42,021,223	1,537	42,022,760
2150	Payroll Deductions and Withholdings	2,929,244	-	2,929,244
2160	Accrued Wages Payable	31,399,398	-	31,399,398
2200	Accrued Expenses	19,198,585	-	19,198,585
2300	Unearned Revenue	3,382,373	-	3,382,373
Noncurrent Liabilities:				
2501	Due Within One Year: Loans, Note, Leases, etc.	64,657,087	-	64,657,087
Due in More than One Year:				
2502	Bonds, Notes, Loans, Leases, etc.	1,477,565,793	-	1,477,565,793
2540	Net Pension Liability (District's Share)	48,773,455	-	48,773,455
2545	Net OPEB Liability (District's Share)	95,716,960	-	95,716,960
2000	Total Liabilities	1,785,644,118	1,537	1,785,645,655
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to TRS Pension	56,871,007	-	56,871,007
2606	Deferred Inflow Related to TRS OPEB	66,577,354	-	66,577,354
2600	Total Deferred Inflows of Resources	123,448,361	-	123,448,361
NET POSITION				
3200	Net Investment in Capital Assets	103,791,348	10,489	103,801,837
Restricted:				
3820	Restricted for Federal and State Programs	3,755,848	-	3,755,848
3850	Restricted for Debt Service	93,684,814	-	93,684,814
3870	Restricted for Campus Activities	2,777,057	-	2,777,057
3900	Unrestricted	(150,820,601)	23,281	(150,797,320)
3000	Total Net Position	\$ 53,188,466	\$ 33,770	\$ 53,222,236

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, 2022

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 236,213,495	\$ 148,176	\$ 33,775,215
12 Instructional Resources and Media Services	5,421,448	-	223,858
13 Curriculum and Instructional Staff Development	10,306,704	-	4,332,095
21 Instructional Leadership	4,897,197	-	396,541
23 School Leadership	20,744,882	-	1,631,192
31 Guidance, Counseling, and Evaluation Services	18,203,774	-	4,847,087
32 Social Work Services	1,013,466	-	158,731
33 Health Services	4,789,811	5,907,468	1,353,707
34 Student (Pupil) Transportation	8,459,042	-	2,694,912
35 Food Services	17,154,898	1,188,416	20,623,904
36 Extracurricular Activities	9,325,923	763,208	1,611,035
41 General Administration	11,465,984	3,825,873	279,079
51 Facilities Maintenance and Operations	31,287,153	112,519	477,717
52 Security and Monitoring Services	1,966,658	-	69,655
53 Data Processing Services	8,680,070	-	186,423
61 Community Services	4,561,177	3,059,261	864,216
72 Debt Service - Interest on Long-Term Debt	19,784,057	-	816,700
73 Debt Service - Bond Issuance Cost and Fees	10,330,453	-	-
81 Capital Outlay	6,345,982	-	11,984
93 Payments Related to Shared Services Arrangements	553,400	-	-
99 Other Intergovernmental Charges	1,784,910	-	-
[TG] Total Governmental Activities:	433,290,484	15,004,921	74,354,051
BUSINESS-TYPE ACTIVITIES:			
01 Stadium Concessions	144,985	141,213	-
[TB] Total Business-Type Activities:	144,985	141,213	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 433,435,469	\$ 15,146,134	\$ 74,354,051
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
PA	Prior Period Adjustment		
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
\$ (202,290,104)	\$ -	\$ (202,290,104)
(5,197,590)	-	(5,197,590)
(5,974,609)	-	(5,974,609)
(4,500,656)	-	(4,500,656)
(19,113,690)	-	(19,113,690)
(13,356,687)	-	(13,356,687)
(854,735)	-	(854,735)
2,471,364	-	2,471,364
(5,764,130)	-	(5,764,130)
4,657,422	-	4,657,422
(6,951,680)	-	(6,951,680)
(7,361,032)	-	(7,361,032)
(30,696,917)	-	(30,696,917)
(1,897,003)	-	(1,897,003)
(8,493,647)	-	(8,493,647)
(637,700)	-	(637,700)
(18,967,357)	-	(18,967,357)
(10,330,453)	-	(10,330,453)
(6,333,998)	-	(6,333,998)
(553,400)	-	(553,400)
(1,784,910)	-	(1,784,910)
(343,931,512)	-	(343,931,512)
-	(3,772)	(3,772)
-	(3,772)	(3,772)
(343,931,512)	(3,772)	(343,935,284)
203,695,071	-	203,695,071
110,611,653	-	110,611,653
78,239,148	-	78,239,148
974,121	-	974,121
1,070,579	-	1,070,579
394,590,572	-	394,590,572
50,659,060	(3,772)	50,655,288
11,072,368	(8,303,196)	2,769,172
(8,542,962)	8,340,738	(202,224)
\$ 53,188,466	\$ 33,770	\$ 53,222,236

DENTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 117,218,617	\$ 93,333,113	\$ 297,310,122
1220 Property Taxes - Delinquent	3,233,382	1,651,703	-
1230 Allowance for Uncollectible Taxes	(125,563)	(59,721)	-
1240 Due from Other Governments	14,312,753	-	-
1260 Due from Other Funds	13,071,051	-	-
1290 Other Receivables	463,394	-	151,408
1300 Inventories	160,619	-	-
1410 Prepayments	165,473	-	111,500
1000 Total Assets	<u>\$ 148,499,726</u>	<u>\$ 94,925,095</u>	<u>\$ 297,573,030</u>
LIABILITIES			
2110 Accounts Payable	\$ 4,077,606	\$ -	\$ 37,207,854
2150 Payroll Deductions and Withholdings Payable	2,929,244	-	-
2160 Accrued Wages Payable	29,559,228	-	-
2170 Due to Other Funds	803,736	-	-
2300 Unearned Revenue	84,307	45,822	-
2000 Total Liabilities	<u>37,454,121</u>	<u>45,822</u>	<u>37,207,854</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,363,563	1,194,459	-
2600 Total Deferred Inflows of Resources	<u>2,363,563</u>	<u>1,194,459</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	160,619	-	-
3425 Endowment Principal	-	-	-
3430 Prepaid Items	165,473	-	111,500
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	257,441,118
3480 Retirement of Long-Term Debt	-	93,684,814	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	25,429,850	-	2,812,558
3600 Unassigned Fund Balance	82,926,100	-	-
3000 Total Fund Balances	<u>108,682,042</u>	<u>93,684,814</u>	<u>260,365,176</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 148,499,726</u>	<u>\$ 94,925,095</u>	<u>\$ 297,573,030</u>

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

Other Funds	Total Governmental Funds
\$ 11,363,354	\$ 519,225,206
-	4,885,085
-	(185,284)
13,705,037	28,017,790
802,822	13,873,873
181,412	796,214
684,750	845,369
44,996	321,969
<u>\$ 26,782,371</u>	<u>\$ 567,780,222</u>
\$ 682,833	\$ 41,968,293
-	2,929,244
1,840,159	31,399,387
13,070,137	13,873,873
3,252,244	3,382,373
<u>18,845,373</u>	<u>93,553,170</u>
-	3,558,022
-	3,558,022
684,750	845,369
1,000	1,000
44,996	321,969
3,755,848	3,755,848
-	257,441,118
-	93,684,814
3,445,957	3,445,957
13,247	28,255,655
(8,800)	82,917,300
<u>7,936,998</u>	<u>470,669,030</u>
<u>\$ 26,782,371</u>	<u>\$ 567,780,222</u>

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DENTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 470,669,030
1 Assets and liabilities of the internal service funds are not included in the fund financial statements.	1,331,252
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	1,687,507,473
3 Accumulated depreciation is not reported in the fund financial statements.	(456,034,023)
4 Bonds payable are not reported in the fund financial statements.	(1,308,438,717)
5 Bond premiums and discounts are not recognized in the fund financial statements.	(191,304,975)
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.	(18,292,317)
7 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	3,558,022
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 \$48,773,455, a Deferred Resource Inflow related to TRS in the amount of \$56,871,007, and a Deferred Resource Outflow related to TRS in the amount of \$34,717,166. This amounted to a decrease in Net Position in the amount of \$70,927,296.	(70,927,296)
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 \$95,716,960, a Deferred Resource Inflow related to TRS OPEB in the amount of \$66,577,354, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$28,197,105. This amounted to a decrease in Net Position in the amount of \$134,097,209.	(134,097,209)
10 Accrued vacation benefits have not been recorded in the fund financial statements.	(760,681)
11 Deferred charge on bond refundings is not recognized in the fund financial statements.	111,696,414
12 Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(41,718,507)
19 Net Position of Governmental Activities	\$ 53,188,466

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, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 209,217,170	\$ 110,777,189	\$ 569,691
5800 State Program Revenues	94,002,127	695,017	-
5900 Federal Program Revenues	10,869,757	-	-
5020 Total Revenues	314,089,054	111,472,206	569,691
EXPENDITURES:			
Current:			
0011 Instruction	191,483,133	-	-
0012 Instructional Resources and Media Services	4,706,621	-	-
0013 Curriculum and Instructional Staff Development	5,836,788	-	-
0021 Instructional Leadership	4,179,232	-	-
0023 School Leadership	18,224,399	-	-
0031 Guidance, Counseling, and Evaluation Services	12,980,395	-	-
0032 Social Work Services	803,435	-	-
0033 Health Services	3,294,248	-	-
0034 Student (Pupil) Transportation	7,554,794	-	-
0035 Food Services	554,599	-	-
0036 Extracurricular Activities	7,705,331	-	-
0041 General Administration	10,037,092	-	-
0051 Facilities Maintenance and Operations	31,366,731	-	-
0052 Security and Monitoring Services	1,897,003	-	-
0053 Data Processing Services	8,244,986	-	19,466
0061 Community Services	3,381,463	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	67,733	60,352,371	-
0072 Interest on Long-Term Liabilities	2,485	54,573,431	-
0073 Bond Issuance Cost and Fees	-	1,613,063	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	780,389	-	209,162,878
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	553,400	-	-
0099 Other Intergovernmental Charges	1,784,910	-	-
6030 Total Expenditures	315,439,167	116,538,865	209,182,344
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,350,113)	(5,066,659)	(208,612,653)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	155,980,000	-
7912 Sale of Real and Personal Property	32,508	-	-
7915 Transfers In	2,224,900	-	804,548
7916 Premium or Discount on Issuance of Bonds	-	24,926,057	-
7949 Other Resources	-	1,214	-
8911 Transfers Out (Use)	(4,272,439)	-	(524,900)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(179,653,959)	-
7080 Total Other Financing Sources (Uses)	(2,015,031)	1,253,312	279,648
EXTRAORDINARY ITEMS:			
7919 Extraordinary Item - Resource	3,663,750	-	-
1200 Net Change in Fund Balances	298,606	(3,813,347)	(208,333,005)
0100 Fund Balance - July 1 (Beginning)	108,585,660	97,498,161	468,698,181
1300 Prior Period Adjustment	(202,224)	-	-
3000 Fund Balance - June 30 (Ending)	\$ 108,682,042	\$ 93,684,814	\$ 260,365,176

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

		Total	
Other		Governmental	
Funds		Funds	
\$	5,490,188	\$	326,054,238
	3,669,058		98,366,202
	43,710,030		54,579,787
	52,869,276		479,000,227
	22,455,184		213,938,317
	216,918		4,923,539
	3,608,129		9,444,917
	238,842		4,418,074
	475,050		18,699,449
	3,413,249		16,393,644
	103,187		906,622
	1,134,773		4,429,021
	123,398		7,678,192
	16,725,993		17,280,592
	1,074,275		8,779,606
	211,853		10,248,945
	286,276		31,653,007
	69,655		1,966,658
	153,276		8,417,728
	789,847		4,171,310
	-		60,420,104
	-		54,575,916
	-		1,613,063
	1,558,953		211,502,220
	-		553,400
	-		1,784,910
	52,638,858		693,799,234
	230,418		(214,799,007)
	-		155,980,000
	-		32,508
	3,334,809		6,364,257
	-		24,926,057
	-		1,214
	-		(4,797,339)
	-		(179,653,959)
	3,334,809		2,852,738
	-		3,663,750
	3,565,227		(208,282,519)
	4,228,984		679,010,986
	142,787		(59,437)
\$	7,936,998	\$	470,669,030

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, 2022

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (208,282,519)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	202,538,275
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.	(34,785,274)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	898,822
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.	(161,201)
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a change in long-term debt in the government-wide financial statements.	30,402,166
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as a change in long-term debt in the government-wide financial statements.	3,555,446
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.	(903,488)
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.	60,352,371
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.	131,228
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 8/31/2021 caused the ending net position to increase in the amount of \$7,749,568. Contributions made before the measurement but during the 2022 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 \$1,333,407. These contributions were replaced with the District's pension expense for the year of \$5,506,405, which caused a decrease in the change in net position. The impact of all of these is to increase net position by \$3,576,570.	3,576,570

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, 2022

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 \$2,041,121. These contributions were replaced with the District's OPEB expense for the year, which was \$(1,265,800) and caused an increase in net position. The impact of both of these is to increase net position by \$3,306,921.	3,306,921
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.	(155,980,000)
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.	(24,926,057)
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.	179,461,327
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.	(769)
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.	(8,524,758)
Change in Net Position of Governmental Activities	<u><u>\$ 50,659,060</u></u>

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 206,356,924	\$ 208,693,952	\$ 209,217,170	\$ 523,218
5800	State Program Revenues	88,995,552	96,177,371	94,002,127	(2,175,244)
5900	Federal Program Revenues	4,850,000	11,414,796	10,869,757	(545,039)
5020	Total Revenues	300,202,476	316,286,119	314,089,054	(2,197,065)
EXPENDITURES:					
Current:					
0011	Instruction	187,440,805	193,983,963	191,483,133	2,500,830
0012	Instructional Resources and Media Services	4,717,036	4,930,816	4,706,621	224,195
0013	Curriculum and Instructional Staff Development	5,633,350	6,091,925	5,836,788	255,137
0021	Instructional Leadership	3,778,529	4,371,853	4,179,232	192,621
0023	School Leadership	16,824,547	18,267,436	18,224,399	43,037
0031	Guidance, Counseling, and Evaluation Services	12,541,648	13,133,476	12,980,395	153,081
0032	Social Work Services	721,193	827,292	803,435	23,857
0033	Health Services	3,083,995	3,368,614	3,294,248	74,366
0034	Student (Pupil) Transportation	6,421,756	7,890,944	7,554,794	336,150
0035	Food Services	217,530	562,747	554,599	8,148
0036	Extracurricular Activities	7,979,087	8,002,798	7,705,331	297,467
0041	General Administration	10,559,581	10,876,529	10,037,092	839,437
0051	Facilities Maintenance and Operations	31,579,786	33,419,145	31,366,731	2,052,414
0052	Security and Monitoring Services	1,922,495	2,136,673	1,897,003	239,670
0053	Data Processing Services	7,309,090	8,381,576	8,244,986	136,590
0061	Community Services	4,103,618	4,294,140	3,381,463	912,677
Debt Service:					
0071	Principal on Long-Term Liabilities	-	66,155	67,733	(1,578)
0072	Interest on Long-Term Liabilities	-	2,500	2,485	15
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	1,151,135	780,389	370,746
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	532,200	553,400	553,400	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	28,500	3,555	-	3,555
0099	Other Intergovernmental Charges	1,862,136	1,784,910	1,784,910	-
6030	Total Expenditures	307,256,882	324,101,582	315,439,167	8,662,415
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,054,406)	(7,815,463)	(1,350,113)	6,465,350
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	10,524	32,508	21,984
7915	Transfers In	500,000	500,000	2,224,900	1,724,900
8911	Transfers Out (Use)	-	(4,810,522)	(4,272,439)	538,083
7080	Total Other Financing Sources (Uses)	500,000	(4,299,998)	(2,015,031)	2,284,967
EXTRAORDINARY ITEMS:					
7919	Extraordinary Item - Resource	-	3,663,750	3,663,750	-
1200	Net Change in Fund Balances	(6,554,406)	(8,451,711)	298,606	8,750,317
0100	Fund Balance - July 1 (Beginning)	108,585,660	108,585,660	108,585,660	-
1300	Prior Period Adjustment	-	-	(202,224)	(202,224)
3000	Fund Balance - June 30 (Ending)	\$ 102,031,254	\$ 100,133,949	\$ 108,682,042	\$ 8,548,093

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, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	National Breakfast & Lunch Program	Stadium Concessions	Total Enterprise Funds	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 24,818	\$ 24,818	\$ 2,185,630
Other Receivables	-	-	-	99,791
Inventories	-	-	-	5,040
Total Current Assets	-	24,818	24,818	2,290,461
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	-	41,691	41,691	26,269
Depreciation on Furniture and Equipment	-	(31,202)	(31,202)	(9,047)
Total Noncurrent Assets	-	10,489	10,489	17,222
Total Assets	-	35,307	35,307	2,307,683
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	1,537	1,537	52,929
Accrued Wages Payable	-	-	-	11
Accrued Expenses	-	-	-	906,269
Total Liabilities	-	1,537	1,537	959,209
NET POSITION				
Net Investment in Capital Assets	-	10,489	10,489	-
Unrestricted Net Position	-	23,281	23,281	1,348,474
Total Net Position	\$ -	\$ 33,770	\$ 33,770	\$ 1,348,474

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, 2022

	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	\$ -	\$ 141,213	\$ 141,213	\$ 1,739,429
Total Operating Revenues	-	141,213	141,213	1,739,429
OPERATING EXPENSES:				
Payroll Costs	-	63,162	63,162	294,112
Professional and Contracted Services	-	12	12	191,040
Supplies and Materials	-	79,497	79,497	157,384
Other Operating Costs	-	867	867	435,406
Depreciation Expense	-	1,447	1,447	-
Total Operating Expenses	-	144,985	144,985	1,077,942
Operating Income (Loss)	-	(3,772)	(3,772)	661,487
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	-	-	-	723
Total Nonoperating Revenues (Expenses)	-	-	-	723
Income (Loss) Before Transfers	-	(3,772)	(3,772)	662,210
Transfer In	-	-	-	134,302
Transfers Out	-	-	-	(1,700,000)
Change in Net Position	-	(3,772)	(3,772)	(903,488)
Total Net Position - July 1 (Beginning)	(8,340,738)	37,542	(8,303,196)	2,251,962
Prior Period Adjustment	8,340,738	-	8,340,738	-
Total Net Position - June 30 (Ending)	\$ -	\$ 33,770	\$ 33,770	\$ 1,348,474

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, 2022

EXHIBIT D-3

	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	\$ -	\$ -	\$ -	\$ 1,142,860
Cash Received from Charges and Fees	-	141,213	141,213	497,072
Cash Payments for Payroll Costs	-	(63,162)	(63,162)	(293,876)
Cash Payments for Purchased Services	-	(12)	(12)	(191,040)
Cash Payments for Supplies and Materials	-	(81,939)	(81,939)	(182,549)
Cash Payments for Other Expenses	-	(867)	(867)	-
Cash Payments for Claims	-	-	-	(523,877)
Net Cash Provided by (Used for) Operating Activities	-	(4,767)	(4,767)	448,590
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Transfers In (Out)	-	-	-	(1,565,698)
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	-	-	-	723
Net Decrease in Cash and Cash Equivalents	-	(4,767)	(4,767)	(1,116,385)
Cash and Cash Equivalents at Beginning of Year	-	29,585	29,585	3,302,015
Cash and Cash Equivalents at End of Year	\$ -	\$ 24,818	\$ 24,818	\$ 2,185,630
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ -	\$ (3,772)	\$ (3,772)	\$ 661,487
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	-	1,447	1,447	-
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	-	-	-	(99,497)
Decrease (increase) in Inv./Prepayments	-	-	-	2,983
Increase (decrease) in Accounts Payable	-	(2,442)	(2,442)	(22,993)
Increase (decrease) in Accrued Wages Payable	-	-	-	236
Increase (decrease) in Accrued Expenses	-	-	-	(93,626)
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ (4,767)	\$ (4,767)	\$ 448,590

The accompanying notes are an integral part of this statement.

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 256,795
Total Assets	<u>256,795</u>
LIABILITIES	
Accounts Payable	5,069
Accrued Wages Payable	<u>1,642</u>
Total Liabilities	<u>6,711</u>
NET POSITION	
Unrestricted Net Position	<u>250,084</u>
Total Net Position	<u><u>\$ 250,084</u></u>

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

DENTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups/Other	\$ 261,882
Total Additions	<u>261,882</u>
DEDUCTIONS:	
Student Groups/Other	<u>228,220</u>
Total Deductions	<u>228,220</u>
Change in Fiduciary Net Position	33,662
Total Net Position - July 1 (Beginning)	<u>216,422</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 250,084</u></u>

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

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DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

B. BASIS OF PRESENTATION

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

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

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Fund Financial Statements:

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

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

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

Additionally, the District reports the following fund types:

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

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

The enterprise funds and internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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, 2022

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, 2022

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

	June 30, 2022 <u>Fund Balance</u>
Appropriated Budget Funds	\$3,914,740
Nonappropriated Budget Funds	<u>4,008,011</u>
All Special Revenue Funds	<u>\$7,922,751</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, 2022

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:

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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, 2022 was \$111,696,414.

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 6.3 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, 2022 was \$34,717,166.

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.2 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense at June 30, 2022 was \$28,197,105.

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, 2022 was \$3,558,022.

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 2022, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$56,871,007.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.2 years for the 2021 measurement year). In fiscal year 2022, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$66,577,354.

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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 2022, 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, 2022 for campus activities.

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- 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, 2022 for several purposes as detailed below.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 20 and 21) and are described below:

General Fund

The General Fund has unassigned fund balance of \$82,926,100 at June 30, 2022. Deferred expenditures (prepaid items) of \$165,473 and inventories of \$160,619 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2022:

2022-2023 Projected Deficit Budget	\$ 7,547,552
Extended School Day program	4,891,421
Non-bond new campus startup	478,880
Transportation	1,829,069
Per pupil campus allotment	3,245,627
Secondary curriculum	138,005
Career and Technology program	1,266,367
Bilingual program	14,102
Fine Arts program	137,913
Major maintenance projects	666,912
Technology	1,041,733
Athletics	1,917,373
Insurance deductibles	1,500,000
Vehicles/buses/equipment	754,896
	<u>\$25,429,850</u>

Other Major Funds

The Debt Service Fund has restricted funds of \$93,684,814 at June 30, 2022 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$257,441,118 at June 30, 2022 consisting of unspent bond funds and \$2,812,558 of non-bond funds assigned for future capital replacement projects. Deferred expenditures (prepaid items) of \$111,500 are considered nonspendable fund balance.

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Other Funds

In the Food Service Fund, deferred expenditures of \$8,217 and inventories of \$150,675 are considered nonspendable fund balance. The remainder of the Food Service Fund fund balance of \$3,755,848 is shown as restricted for food service operations. The fund balance of \$2,777,057 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, 2022, 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, 2022, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$10,854,105 and the bank balance was \$11,383,856. The District's cash deposits at June 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name, but were under-secured for four days during the current fiscal year.

2. Investments:

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

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, the District's cash balances totaled \$11,383,856. 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.

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- 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, 2022, 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 AAAs (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, 2022, the District was not exposed to foreign currency risk.
- f. **Concentration of Credit Risk -** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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

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

The District's investments at June 30, 2022, are shown below:

Name	Carrying Amount	Fair Value
TexPool	\$ 71,220,276	\$ 71,220,276
TexStar	36,884,525	36,884,525
Lone Star	147,807,713	147,807,713
Texas Term	91,910,198	91,910,198
Texas Class	162,994,914	162,994,914
Total	<u>\$510,817,626</u>	<u>\$510,817,626</u>

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Fair Value Measurements

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

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

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

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Adjustments	Balance June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 70,508,985	\$ 2,082,351	\$ -	\$ 72,591,336
Construction in Progress	330,450,380	148,986,920	(140,618,619)	338,818,681
Total capital assets, not being depreciated	400,959,365	151,069,271	(140,618,619)	411,410,017
Capital assets, being depreciated:				
Buildings and Improvements	1,017,888,615	187,432,674	-	1,205,321,289
Furniture and Equipment	60,349,250	4,654,948	5,771,969	70,776,167
Total capital assets, being depreciated	1,078,237,865	192,087,622	5,771,969	1,276,097,456
Less accumulated depreciation for:				
Buildings and Improvements	(374,076,412)	(31,270,672)	-	(405,347,084)
Furniture and Equipment	(44,102,692)	(3,514,602)	(3,069,645)	(50,686,939)
Total accumulated depreciation	(418,179,104)	(34,785,274)	(3,069,645)	(456,034,023)
Total capital assets being depreciated, net	660,058,761	157,302,348	2,702,324	820,063,433
Governmental activities capital assets, net	\$1,061,018,126	\$ 308,371,619	\$(137,916,295)	\$ 1,231,473,450
Business-type activities:				
Furniture and Equipment	\$ 6,993,493	\$ -	\$ (6,951,802)	\$ 41,691
Totals at historic cost	6,993,493	-	(6,951,802)	41,691
Less accumulated depreciation for:				
Furniture and Equipment	(4,278,464)	(1,447)	4,248,709	(31,202)
Total accumulated depreciation	(4,278,464)	(1,447)	4,248,709	(31,202)
Business-type activities capital assets, net	\$ 2,715,029	\$ (1,447)	\$ (2,703,093)	\$ 10,489

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

Governmental activities:	
Instruction	\$24,004,667
Instructional Resources & Media Services	498,572
Curriculum & Instructional Staff Development	931,019
Instructional Leadership	494,204
School Leadership	2,155,995
Guidance, Counseling & Evaluation Services	1,947,248
Social Work Services	112,156
Health Services	381,727
Student (Pupil) Transportation	810,101
Cocurricular/Extracurricular Activities	596,931
General Administration	1,090,014
Plant Maintenance and Operations	720,558
Data Processing Services	645,103
Community Services	396,979
Total depreciation expense-Governmental activities	<u>\$34,785,274</u>
Business-type activities:	
Stadium Concessions	\$ 1,447
Total depreciation expense Business-type activities	<u>\$ 1,447</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, compensated absences, interest rate swap agreements, 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.

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The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2022:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/2021	Additions	Refunded/ Retired	Amounts Outstanding 6/30/2022	Due Within One Year
Bonded Indebtedness:							
2001 Bldg/Refunding	3.64-4.40%	60,920,000	\$ 6,100,000	\$ -	\$ 6,100,000	\$ -	\$ -
2005A Building	Variable	46,500,000	37,060,000	-	37,060,000	-	-
2006B Building	Variable	30,000,000	30,000,000	-	30,000,000	-	-
2011 Refunding	2.00-5.00%	24,325,000	3,085,000	-	3,085,000	-	-
2012B Refunding	2.00-5.00%	57,210,000	3,750,000	-	505,000	3,245,000	3,245,000
2012C Refunding	2.00-2.50%	24,875,000	3,090,000	-	3,090,000	-	-
2013 Building	2.00%	44,300,000	21,390,000	-	-	21,390,000	-
2014A Building	1.25-5.00%	75,055,000	11,325,000	-	4,085,000	7,240,000	1,670,000
2014B Building	2.00%	69,075,000	67,925,000	-	9,190,000	58,735,000	-
2014C Refunding	2.00-5.00%	14,435,000	3,975,000	-	3,035,000	940,000	940,000
2015 Refunding	3.00-5.00%	118,775,000	105,900,000	-	76,980,000	28,920,000	6,505,000
2015A Building	2.00-5.00%	164,580,000	26,560,000	-	16,860,000	9,700,000	1,900,000
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	1,011,088	-	67,371	943,717	453,434
2018 Building	3.00-5.00%	400,125,000	382,430,000	-	940,000	381,490,000	4,515,000
2020 Building	1.75-5.00%	278,025,000	278,025,000	-	20,985,000	257,040,000	16,460,000
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	-	3,335,000	540,000	330,000
2021 Refunding	1.967-5.00%	87,465,000	-	87,465,000	-	87,465,000	1,750,000
2022A Refunding	4.00-5.00%	34,650,000	-	34,650,000	-	34,650,000	1,855,000
2022B Refunding	3.00-5.00%	26,280,000	-	26,280,000	-	26,280,000	120,000
2022C Refunding	1.25%	7,585,000	-	7,585,000	-	7,585,000	-
Total Bonded Indebtedness			<u>1,367,776,088</u>	<u>155,980,000</u>	<u>215,317,371</u>	<u>1,308,438,717</u>	<u>39,743,434</u>
Accreted Interest	4.10-5.20%		45,273,953	2,638,271	6,193,717	41,718,507	14,601,566
Premiums on Bond Issuance			196,781,084	24,926,057	30,402,166	191,304,975	9,962,087
Accrued Vacation Benefits			891,909	371,925	503,153	760,681	350,000
Total Other Obligations			<u>242,946,946</u>	<u>27,936,253</u>	<u>37,099,036</u>	<u>233,784,163</u>	<u>24,913,653</u>
Total Obligations of District			<u>\$ 1,610,723,034</u>	<u>\$ 183,916,253</u>	<u>\$ 252,416,407</u>	<u>\$ 1,542,222,880</u>	<u>\$ 64,657,087</u>

The 2016 and 2020 bond series include outstanding capital appreciation bonds in the principal amount of \$1,483,717. The bonds mature variously beginning in 2022 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, 2022.

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") was substituted for BSFP as a swap counterparty for the 2005 Swap Agreements.

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Under the 2005 Swap Agreements, the District was 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 were 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 had a stated final maturity date of August 1, 2035.

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") was substituted for BSFP as swap counterparty for the 2006 Swap Agreement.

Under the 2006 Swap Agreement, the District was 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 was 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 had a stated final maturity date of August 1, 2035.

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.

The Swap Agreements were subject to optional termination by the District at any time over the term of the Swap Agreements at the then prevailing market value.

During the year ended June 30, 2022 the District issued refunding bonds to provide funds to defease the Series 2005-A and Series 2006-B bonds and terminate the Swap Agreements.

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NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements to maturity are as follows:

Year Ended June 30	Principal	Interest	Total Requirements
2023	\$ 39,743,434	\$ 62,713,970	\$ 102,457,404
2024	36,583,618	65,317,039	101,900,657
2025	29,594,177	64,935,024	94,529,201
2026	33,587,488	60,090,913	93,678,401
2027	42,755,000	50,226,501	92,981,501
2028-2032	259,600,000	185,333,048	444,933,048
2033-2037	276,235,000	132,054,493	408,289,493
2038-2042	261,835,000	86,380,175	348,215,175
2043-2047	228,360,000	41,119,612	269,479,612
2048-2049	100,145,000	4,120,700	104,265,700
	<u>\$1,308,438,717</u>	<u>\$752,291,475</u>	<u>\$2,060,730,192</u>

NOTE 7. DEFEASED BONDS OUTSTANDING

On December 7, 2021, the District issued \$87,465,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 1.967% to 5.00% to advance refund \$89,785,000 of unlimited building and refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$14,591,851, and, after paying issuance costs of \$727,843, the net proceeds were \$101,329,008. 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 \$8,401,015 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$7,367,870.

On February 9, 2022, the District issued \$34,650,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 4.00% to 5.00% to advance refund \$35,180,000 of unlimited building bonds. The unlimited tax refunding bonds were issued at a net premium of \$6,299,818, and, after paying issuance costs of \$5,740,500, including a swap termination payment, the net proceeds were \$35,209,318. 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 \$28,987 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$56,044.

On February 9, 2022, the District issued \$26,280,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 3.00% to 5.00% to advance refund \$30,000,000 of unlimited building bonds. The unlimited tax refunding bonds were issued at a net premium of \$4,034,388, and, after paying issuance costs of \$289,387, the net proceeds were \$30,025,000. The net proceeds from the issuance of the unlimited tax building 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.

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As a result of the advance refunding, the District decreased its total debt service requirements by \$8,803,670 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$7,526,257.

On February 9, 2022, the District issued \$7,585,000 (par value) in unlimited tax refunding bonds (current interest bonds) with an interest rate of 1.25% to provide funds for a termination payment related to the District's 2006 swap agreement. As a result, there was a net cost to the District of \$7,723,795 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$7,500,000.

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

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, 2022, \$472,975,000 of bonds outstanding are considered defeased.

NOTE 8. FRED MOORE DAY NURSERY ACTIVITY

On April 13, 2021 the District and Fred Moore Day Nursery, Inc. (a nonprofit organization) entered into an agreement whereby effective June 1, 2021 the Nursery would cease operations as a separate entity and become part of the District. The District would provide the early childhood daycare services previously provided by the Nursery.

Due to subsequent issues that arose that required the Nursery to remain in existence, a new agreement dated November 16, 2021 was drawn up that replaced the April, 2021 agreement, whereby the Nursery would remain in existence as an entity and the District would subcontract with the Nursery to provide childcare services. The District now owns the building and land at the Nursery's daycare location and is responsible for its costs of operation, maintenance and capital improvements. The building and land have been recorded as capital assets on the District's books.

As part of the agreement between the District and the Nursery, the District also assumed responsibility for an outstanding bank loan of the Nursery. The District recorded the loan as a liability on its books and paid the loan in full during the year ended June 30, 2022. A summary of the loan activity for the year is as follows:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022
First State Bank	\$ -	\$ 67,733	\$ 67,733	\$ -
Total	<u>\$ -</u>	<u>\$ 67,733</u>	<u>\$ 67,733</u>	<u>\$ -</u>

NOTE 9. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

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

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

Balance, July 1, 2021	\$ 891,909
Additions – New Entrants and Salary Increments	371,925
Deductions – Payments to Participants	<u>(503,153)</u>
Balance, June 30, 2022	<u>\$ 760,681</u>

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

NOTE 10. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. Denton Central Appraisal District (DCAD) is responsible for the appraisal of property for all taxing units in Denton County, including the District. Under the terms of a contract for appraisal services, the District paid DCAD \$1,784,910 in fiscal year 2022 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 2021-22 fiscal year was based was \$22,989,073,348. 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, 2022, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.882 and \$0.48 per \$100 valuation, respectively, for a total of \$1.362 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2022 were 99.18% 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, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$3,107,819 and \$1,591,982 for the General and Debt Service Funds, respectively.

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

NOTE 11. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
Denton ISD FY2022 Employer Contributions		\$ 9,082,975
Denton ISD FY2022 Member Contributions		\$19,427,762
Denton ISD FY2022 NECE On-Behalf Contributions		\$12,331,619

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:

DENTON INDEPENDENT SCHOOL DISTRICT
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- 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 are additional surcharges an employer is subject to.

- All public schools must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
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	1.95%
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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

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.

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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, 2021 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	3.6%	0.94%
Non-U.S. Developed	13%	4.4%	0.83%
Emerging Markets	9%	4.6%	0.74%
Private Equity	14%	6.3%	1.36%
Stable Value			
Government Bonds	16%	-.2%	0.01%
Stable Value Hedge Funds	5%	2.2%	0.12%
Real Return			
Real Estate	15%	4.5%	1.00%
Energy, Natural Resources	6%	4.7%	0.35%
Risk Parity			
Risk Parity	8%	2.8%	0.28%
Leverage			
Cash	2%	-.7%	-0.01%
Asset Allocation Leverage	-6%	-.5%	0.03%
Inflation Expectation	-		2.20%
Volatility Drag ³	-		-0.95%
Total	<u>100%</u>		<u>6.90%</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:	\$106,577,737	\$48,773,455	\$1,876,645

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, Denton Independent School District reported a liability of \$48,773,455 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

¹ Target allocations are based on the FY21 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

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

**DENTON INDEPENDENT SCHOOL DISTRICT
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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	\$ 48,773,455
State's proportionate share that is associated with the District	<u>73,589,813</u>
Total	<u>\$122,363,268</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 thru August 31, 2021.

At June 30, 2022 the employer's proportion of the collective net pension liability was 0.1915203491%, an increase of 5.96% from its proportionate share of 0.1807341403% at August 31, 2021.

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

For the year ended June 30, 2022, Denton Independent School District recognized pension expense of \$294,203 and revenue of \$294,203 for support provided by the State.

At June 30, 2022, 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	\$ 81,621	\$ 3,433,690
Changes in actuarial assumptions	17,240,464	7,515,364
Difference between projected and actual investment earnings	3,029,454	43,925,363
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,616,059	1,996,590
Contributions paid to TRS subsequent to the measurement date	7,749,568	-
Total	\$34,717,166	\$56,871,007

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

Year ended June 30:	Pension Expense Amount
2023	\$ (4,441,412)
2024	(5,061,385)
2025	(8,961,110)
2026	(11,925,239)
2027	333,213
Thereafter	152,524

NOTE 12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

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

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

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

* or surviving spouse

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

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.

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	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Denton ISD FY22 Employer Contributions	\$2,041,121	
Denton ISD FY22 Member Contributions	\$1,587,930	
Denton ISD FY22 NECE On-behalf Contributions	\$2,597,161	

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 \$5,520,343 in fiscal year 2021 for consumer protection against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021.

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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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 mortality projection scale MP-2018.

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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38 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, 2021 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District’s proportionate share of the Net OPEB Liability:	\$115,456,712	\$95,716,960	\$80,181,131

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
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DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

District's proportionate share of the Net OPEB Liability:	\$77,527,573	\$95,716,960	\$120,122,601
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OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2022, the District reported a liability of \$95,716,960 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

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

District's Proportionate share of the collective Net OPEB Liability	\$ 95,716,960
State's proportionate share that is associated with the District	<u>\$128,239,395</u>
Total	<u>\$223,956,355</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 thru August 31, 2021.

At June 30, 2022 the employer's proportion of the collective Net OPEB Liability was 0.2481355249%, an increase of 2.61% compared to the August 31, 2021 proportionate share of 0.2418186896%.

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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(4,733,013).

At June 30, 2022, 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	\$ 4,121,068	\$46,333,705
Changes in actuarial assumptions	10,601,777	20,242,366
Difference between projected and actual investment earnings	105,201	1,283
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	11,644,063	-
Contributions paid to TRS subsequent to the measurement date	1,724,996	-
Total	\$28,197,105	\$66,577,354

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Year ended June 30:	OPEB Expense Amount
2023	\$ (8,152,487)
2024	(8,154,830)
2025	(8,154,189)
2026	(5,634,662)
2027	(2,223,661)
Thereafter	(7,785,416)

NOTE 13. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2022, the contribution made on behalf of the District was \$817,976.

NOTE 14. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2022, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund	\$13,071,051	\$ 803,736
Special Revenue Fund:		
General Fund	<u>802,822</u>	<u>13,070,137</u>
TOTAL	<u>\$13,873,873</u>	<u>\$13,873,873</u>

Interfunds transfers for the year ended June 30, 2022 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	\$ 804,548	\$ 524,900
Special Revenue Fund	3,333,590	-
Internal Service Fund	134,301	1,700,000
Capital Projects Fund:		
General Fund	524,900	804,548
Special Revenue Fund:		
General Fund	-	3,333,590
Custodial Fund	-	1,220
Internal Service Fund:		
General Fund	1,700,000	134,301
Custodial Fund:		
Special Revenue Fund	<u>1,220</u>	<u>-</u>
TOTAL	<u>\$6,498,559</u>	<u>\$6,498,559</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The purpose of an \$804,548 transfer was to transfer local funds from the general fund to the capital projects fund to set them aside for future capital replacement needs. The purpose of the \$1,700,000 transfer is to transfer excess funds from the workers compensation internal service fund to the general fund for use in operations. The purpose of a \$134,046 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 \$524,900 transfer from the capital projects fund to the general fund was to transfer funds for construction fund salaries paid from the general fund. The purpose of the \$3,333,590 transfer was to transfer funds from the general fund to the Winter Storm special revenue fund to cover the local costs accumulated and paid for from this fund related to the February, 2021 winter storm damage.

NOTE 15. HEALTH CARE

During the year ended June 30, 2022, employees of Denton Independent School District were covered by a health insurance plan (the Plan). The District contributed \$260 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully-funded plan.

NOTE 16. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2022, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 3,233,382	\$ 14,312,753	\$13,071,051	\$ 463,394	\$ 31,080,580
Debt Service Fund	1,651,703	-	-	-	1,651,703
Capital Projects Fund	-	-	-	151,408	151,408
Special Revenue Fund	-	13,705,037	802,822	181,412	14,689,271
Total - Governmental Activities	<u>\$ 4,885,085</u>	<u>\$ 28,017,790</u>	<u>\$13,873,873</u>	<u>\$ 796,214</u>	<u>\$ 47,572,962</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 185,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,284</u>
Business-type Activities:					
Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Fund	-	-	-	99,791	99,791
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,791</u>	<u>\$ 99,791</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Payables at June 30, 2022, were as follows:

	Accounts	Salaries and Benefits	Due to Other Funds	Other	Total Payables
Governmental Activities:					
General Fund	\$ 4,077,606	\$ 32,488,472	\$ 803,736	\$ -	\$ 37,369,814
Capital Projects Fund	37,207,854	-	-	-	37,207,854
Special Revenue Funds	682,833	1,840,159	13,070,137	-	15,593,129
Total - Governmental Activities	<u>\$ 41,968,293</u>	<u>\$ 34,328,631</u>	<u>\$13,873,873</u>	<u>\$ -</u>	<u>\$ 90,170,797</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	\$ 1,537	\$ -	\$ -	\$ -	\$ 1,537
Internal Service Fund	52,929	11	-	906,269	959,209
Total Business-type Activities	<u>\$ 54,466</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 906,269</u>	<u>\$ 960,746</u>

NOTE 17. SELF-INSURED WORKERS' COMPENSATION

The District has also established a self-funding Workers' Compensation program. Texas Association of School Boards (TASB) through an actuarial review of the self-insurance program, projected an estimated outstanding loss of \$906,269 as of June 30, 2022. Claims administration is provided by TASB.

The accrued liability for Workers' Compensation self-insurance of \$906,269 includes incurred but not reported claims. This liability reported in the fund at June 30, 2022, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the present value of the estimate of the actuary. Aggregate stop-loss coverage for 2022 was \$500,000.

Changes in the workers' compensation claims liability amounts in fiscal 2021 and 2022 are represented below:

	Year Ended June 30, 2021	Year Ended June 30, 2022
Unpaid claims, beginning of year	\$997,051	\$999,895
Incurred claims (including IBNR'S)	422,788	336,625
Claim payments	<u>419,944</u>	<u>430,251</u>
Unpaid claims, end of fiscal year	<u>\$999,895</u>	<u>\$906,269</u>

NOTE 18. DUE FROM OTHER GOVERNMENTS

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, 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	\$ 13,763,708	\$ 516,284	\$ 32,761	\$ 14,312,753
Special Revenue	43,978	13,493,167	167,892	13,705,037
Total	<u>\$ 13,807,686</u>	<u>\$ 14,009,451</u>	<u>\$ 200,653</u>	<u>\$ 28,017,790</u>

NOTE 19. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, is not known until as long as five years from the bond issuance date. At June 30, 2022, the estimated rebate liability on outstanding bond series was \$-0-.

NOTE 20. LITIGATION AND CONTINGENCIES

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

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

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

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

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 21. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property taxes	\$203,067,426	\$ -	\$ 110,426,262	\$ -	\$ 313,493,688
Investment income	258,705	856	145,725	569,691	974,977
Food sales	-	1,188,416	-	-	1,188,416
Penalties, interest and other tax related income	769,035	-	205,202	-	974,237
Co-curricular student activities	763,208	2,381,492	-	-	3,144,700
Tuition and fees	3,207,437	1,249,716	-	-	4,457,153
Gifts and bequests	495,353	669,708	-	-	1,165,061
Facilities rentals	95,909	-	-	-	95,909
Insurance recovery	16,610	-	-	-	16,610
GSE Antitrust settlement	319,998	-	-	-	319,998
Other	223,489	-	-	-	223,489
Total	<u>\$209,217,170</u>	<u>\$ 5,490,188</u>	<u>\$ 110,777,189</u>	<u>\$ 569,691</u>	<u>\$ 326,054,238</u>

NOTE 22. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Tuition	\$ 84,307	\$ -	\$ -	\$ 84,307
Lunchroom Receipts	-	-	267,099	267,099
Food Commodities	-	-	35,213	35,213
State Textbook Fund	-	-	2,317,539	2,317,539
ELC Reopening Schools	-	-	14,251	14,251
Summer School LEP	-	-	15,391	15,391
Ready to Read	-	-	716	716
Advanced Placement Incentives	-	-	193,579	193,579
Raising Blended Learners	-	-	67,112	67,112
Deaf Ed Mgmt Board	-	-	341,344	341,344
ADA/ASAHE	-	45,822	-	45,822
Total	<u>\$ 84,307</u>	<u>\$ 45,822</u>	<u>\$ 3,252,244</u>	<u>\$ 3,382,373</u>

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 23. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Impact Aid	84.041	\$ 121,683	\$ 121,683
FEMA-Tx Winter Storms	97.036	147,284	147,284
Excise Tax Reimbursement	N/A	591,802	591,802
Medicaid Reimbursement	N/A	5,907,468	5,907,468
Emergency Connectivity Fund	32.009	10,307	10,307
Junior ROTC	12.000	270,341	270,341
Indirect Costs	N/A	<u>3,820,872</u>	<u>3,820,872</u>
Total for General Fund		<u>\$10,869,757</u>	<u>\$10,869,757</u>

NOTE 24. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category for the year ended June 30, 2022.

NOTE 25. SHARED SERVICE ARRANGEMENTS

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

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

The District participates in a shared services arrangement for juvenile justice alternative education services with ten other school districts. Although the District contributes to the shared services arrangement based on its participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Denton ISD. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. During the year ended June 30, 2022, the District had no students in the program for whom it was required to make contributions.

NOTE 26. SUBSEQUENT EVENT

Management has reviewed events subsequent to June 30, 2022 through November 15, 2022, 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.

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 27. 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, 2020, 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, mitigation and reopening.

On June 3, 2021, TEA issued updated public planning health guidance 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 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.

During the 87th Legislative Session, the Texas Legislature failed to pass legislation that would include virtual learning in ADA calculations. As a result, the 2021-2022 school year began with funding based on in-person attendance. During the second called special session, the Texas Legislature adopted Senate Bill 15, which allows virtual instruction attendance to be used for ADA funding purposes under certain circumstances. The District does not currently expect that all virtual instruction attendance will qualify for ADA funding. A return to funding based on actual attendance during the Pandemic may have a negative impact on revenues available to the District for operations and maintenance if the District does not qualify for the additional hold harmless periods or if students do not take part in the instruction options made available by the District. TEA announced on August 5, 2021 that a school district has the authority to provide remote instruction to a student if the school district meets certain state and federal requirements. Students receiving remote instruction are considered enrolled, but do not meet the requirements for ADA funding. Further, on March 29, 2022, TEA issued guidance on the calculation of the ADA hold harmless for the 2021-2022 school year, providing that each district will receive an adjustment to ADA such that the total percentage attendance rate for the first four six weeks of the 2021-2022 school year that is equal to the attendance rate for the first four six weeks of the 2019-2020 school year.

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

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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.

NOTE 28. LEASES

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

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

NOTE 29. PRIOR PERIOD ADJUSTMENTS

Effective July 1, 2021 the District changed from recording the activity of its food service operations in an enterprise fund to recording the activity in a special revenue fund. The District determined that the use of a special revenue fund was preferable, as the use of an enterprise fund required the recording of a portion of the District's share of the Net Pension Liability and Net OPEB Liability in that fund. The result was a large negative net position that did not reflect a realistic picture of the financial position of the food service operations. The use of a special revenue fund enables the District to show more clearly the profitability of the food service operations.

As a result of the change, the capital assets, net pension liability and net OPEB liability previously recorded in the food service enterprise fund have been moved to the governmental activities statement of net position, and the remainder of the assets and liabilities previously recorded in the food service enterprise fund have been moved to fund balance in the special revenue fund. The following illustrates the effect of the prior period adjustments:

Beginning food service enterprise fund net position (deficit) - as originally presented	\$(8,340,738)
Portion of food service enterprise fund net position reclassified to governmental activities statement of net position	8,197,951
Portion of food service enterprise fund net position reclassified to fund balance in special revenue fund	<u>142,787</u>
Beginning food service enterprise fund net position - as restated	<u>\$ -0-</u>

In addition, prior period adjustment includes a general fund reduction of \$202,224 for the portion of a state grant recorded as a receivable and revenue in the prior fiscal year but which was ultimately not received.

REQUIRED SUPPLEMENTARY INFORMATION

- [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.19152034%	0.18073414%	0.187453402%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 48,773,455	\$ 96,797,518	\$ 97,444,139
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	73,589,813	157,372,338	143,387,199
Total	<u>\$ 122,363,268</u>	<u>\$ 254,169,856</u>	<u>\$ 240,831,338</u>
District's Covered Payroll	\$ 235,369,260	\$ 226,767,291	\$ 207,572,939
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	20.72%	42.69%	46.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

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, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.186453122%	0.178395853%	0.169962597%	0.1691892%	0.1151618%
\$ 102,628,324	\$ 57,041,383	\$ 64,226,338	\$ 59,806,130	30,761,310
153,999,324	88,702,720	103,415,412	97,157,049	83,661,060
<u>\$ 256,627,648</u>	<u>\$ 145,744,103</u>	<u>\$ 167,641,750</u>	<u>\$ 156,963,179</u>	<u>\$ 114,422,370</u>
\$ 199,791,322	\$ 187,413,154	\$ 174,953,893	\$ 163,821,034	154,554,318
51.37%	30.44%	36.71%	36.51%	19.92%
73.74%	82.17%	78.00%	78.43%	83.25%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 9,082,975	\$ 8,028,985	\$ 7,320,420
Contribution in Relation to the Contractually Required Contribution	(9,082,975)	(8,028,985)	(7,320,420)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 244,296,469	\$ 233,634,721	\$ 223,650,339
Contributions as a Percentage of Covered Payroll	3.72%	3.44%	3.27%

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.

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

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.248135524%	0.241818689%	0.238518907%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 95,716,960	\$ 91,926,204	\$ 112,798,512
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	128,239,395	123,526,783	149,883,993
Total	<u>\$ 223,956,355</u>	<u>\$ 215,452,987</u>	<u>\$ 262,682,505</u>
District's Covered Payroll	\$ 235,369,260	\$ 226,767,291	\$ 207,572,939
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	40.67%	40.54%	54.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

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

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

FY 2019		FY 2018	
Plan Year 2018		Plan Year 2017	
0.237684018%		0.219581563%	
\$	118,677,806	\$	95,487,785
	170,791,151		146,774,672
\$	289,468,957	\$	242,262,457
\$	199,791,322	\$	187,413,154
	59.40%		50.95%
	1.57%		0.91%

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 2,041,121	\$ 1,918,048	\$ 1,813,010
Contribution in Relation to the Contractually Required Contribution	(2,041,121)	(1,918,048)	(1,813,010)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 244,296,469	\$ 233,634,721	\$ 223,650,339
Contributions as a Percentage of Covered Payroll	0.84%	0.82%	0.81%

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.

2019		2018	
\$	1,683,734	\$	1,558,100
	(1,683,734)		(1,558,100)
\$	-	\$	-
\$	206,220,120	\$	197,367,842
	0.82%		0.79%

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

COMBINING SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes	205	211	224
	Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Due from Other Governments	490,352	1,136,330	1,314,666
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1410 Prepayments	-	6,000	-
1000 Total Assets	<u>\$ 490,352</u>	<u>\$ 1,142,330</u>	<u>\$ 1,314,666</u>
LIABILITIES			
2110 Accounts Payable	\$ 3,424	\$ 80,871	\$ 10,898
2160 Accrued Wages Payable	175,737	297,123	430,745
2170 Due to Other Funds	311,191	764,336	873,023
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>490,352</u>	<u>1,142,330</u>	<u>1,314,666</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3425 Endowment Principal	-	-	-
3430 Prepaid Items	-	6,000	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	-	(6,000)	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 490,352</u>	<u>\$ 1,142,330</u>	<u>\$ 1,314,666</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	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 -CARES	272 Medicaid Admin. Claim MAC
\$ -	\$ 4,716,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,519	22,681	-	195,530	206,160	22,661	-	-
-	798,671	4,151	-	-	-	-	-
-	7,264	-	-	-	-	-	-
-	150,675	-	-	-	-	-	-
-	8,217	-	-	-	-	-	-
<u>\$ 24,519</u>	<u>\$ 5,704,348</u>	<u>\$ 4,151</u>	<u>\$ 195,530</u>	<u>\$ 206,160</u>	<u>\$ 22,661</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 155,617	\$ -	\$ 37,824	\$ 5,759	\$ -	\$ -	\$ -
10,540	48,735	-	47,069	40,494	-	-	-
13,979	1,282,944	4,151	110,637	159,907	22,661	-	-
-	302,312	-	-	-	-	-	-
<u>24,519</u>	<u>1,789,608</u>	<u>4,151</u>	<u>195,530</u>	<u>206,160</u>	<u>22,661</u>	<u>-</u>	<u>-</u>
-	150,675	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,217	-	-	-	-	-	-
-	3,755,848	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,914,740	-	-	-	-	-	-
<u>\$ 24,519</u>	<u>\$ 5,704,348</u>	<u>\$ 4,151</u>	<u>\$ 195,530</u>	<u>\$ 206,160</u>	<u>\$ 22,661</u>	<u>\$ -</u>	<u>\$ -</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes		281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	286 Emergency Connectivity Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	1,854,818	3,360,846	103,664	4,017,000
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 1,854,818</u>	<u>\$ 3,360,846</u>	<u>\$ 103,664</u>	<u>\$ 4,017,000</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 73,694	\$ -	\$ -
2160	Accrued Wages Payable	16,043	471,630	30,023	-
2170	Due to Other Funds	1,838,775	2,815,522	73,641	4,017,000
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>1,854,818</u>	<u>3,360,846</u>	<u>103,664</u>	<u>4,017,000</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,854,818</u>	<u>\$ 3,360,846</u>	<u>\$ 103,664</u>	<u>\$ 4,017,000</u>

288 Summer School LEP	289 Other Federal Special Revenue Funds	290 Childcare Relief Funds	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
\$ 27,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	124,560	209,411	310,393	-	14,393	85,183	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 27,683</u>	<u>\$ 124,560</u>	<u>\$ 209,411</u>	<u>\$ 310,393</u>	<u>\$ -</u>	<u>\$ 14,393</u>	<u>\$ 85,183</u>	<u>\$ -</u>
\$ -	\$ 6,933	\$ -	\$ 17,440	\$ -	\$ -	\$ 36,354	\$ -
12,292	2,804	14,024	16,063	-	11,660	19,328	-
-	100,572	195,387	276,890	-	2,733	29,501	-
15,391	14,251	-	-	-	-	-	-
<u>27,683</u>	<u>124,560</u>	<u>209,411</u>	<u>310,393</u>	<u>-</u>	<u>14,393</u>	<u>85,183</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 27,683</u>	<u>\$ 124,560</u>	<u>\$ 209,411</u>	<u>\$ 310,393</u>	<u>\$ -</u>	<u>\$ 14,393</u>	<u>\$ 85,183</u>	<u>\$ -</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes		385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	423 School Safety & Security Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 193,579	\$ 2,317,539	\$ -
1240	Due from Other Governments	12,325	-	-	11,181
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 12,325</u>	<u>\$ 193,579</u>	<u>\$ 2,317,539</u>	<u>\$ 11,181</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	12,325	-	-	11,181
2300	Unearned Revenue	-	193,579	2,317,539	-
2000	Total Liabilities	<u>12,325</u>	<u>193,579</u>	<u>2,317,539</u>	<u>11,181</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 12,325</u>	<u>\$ 193,579</u>	<u>\$ 2,317,539</u>	<u>\$ 11,181</u>

EXHIBIT H-1 (Cont'd)

425 Ready To Read	426 Math Academies	429 Grow Your Own	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf	446 Deaf Ed Mgmt Board	461 Campus Activity Funds	462 Raising Blended Learners
\$ 716	\$ -	\$ -	\$ -	\$ -	\$ 505,736	\$ 2,791,376	\$ 67,383
-	-	20,472	-	166,892	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	170,727	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,800	-	-
<u>\$ 716</u>	<u>\$ -</u>	<u>\$ 20,472</u>	<u>\$ -</u>	<u>\$ 166,892</u>	<u>\$ 508,536</u>	<u>\$ 2,962,103</u>	<u>\$ 67,383</u>
\$ -	\$ -	\$ 2,927	\$ -	\$ -	\$ 3,241	\$ 184,991	\$ -
-	-	-	-	33,538	161,074	55	266
-	-	17,545	-	133,354	2,877	-	5
716	-	-	-	-	341,344	-	67,112
<u>716</u>	<u>-</u>	<u>20,472</u>	<u>-</u>	<u>166,892</u>	<u>508,536</u>	<u>185,046</u>	<u>67,383</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,800	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,777,057	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(2,800)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,777,057</u>	<u>-</u>
<u>\$ 716</u>	<u>\$ -</u>	<u>\$ 20,472</u>	<u>\$ -</u>	<u>\$ 166,892</u>	<u>\$ 508,536</u>	<u>\$ 2,962,103</u>	<u>\$ 67,383</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes	490 Local Grants	497 2021 Winter Storm	498 COVID-19 Local Activity	Total Nonmajor Special Revenue Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 707,517	\$ 20,738	\$ -	\$ 11,349,107
1240 Due from Other Governments	1,000	-	-	13,705,037
1260 Due from Other Funds	-	-	-	802,822
1290 Other Receivables	3,421	-	-	181,412
1300 Inventories	-	-	534,075	684,750
1410 Prepayments	27,979	-	-	44,996
1000 Total Assets	<u>\$ 739,917</u>	<u>\$ 20,738</u>	<u>\$ 534,075</u>	<u>\$ 26,768,124</u>
LIABILITIES				
2110 Accounts Payable	\$ 42,122	\$ 20,738	\$ -	\$ 682,833
2160 Accrued Wages Payable	916	-	-	1,840,159
2170 Due to Other Funds	-	-	-	13,070,137
2300 Unearned Revenue	-	-	-	3,252,244
2000 Total Liabilities	<u>43,038</u>	<u>20,738</u>	<u>-</u>	<u>18,845,373</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	534,075	684,750
3425 Endowment Principal	-	-	-	-
3430 Prepaid Items	27,979	-	-	44,996
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	3,755,848
Committed Fund Balance:				
3545 Other Committed Fund Balance	668,900	-	-	3,445,957
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3600 Unassigned Fund Balance	-	-	-	(8,800)
3000 Total Fund Balances	<u>696,879</u>	<u>-</u>	<u>534,075</u>	<u>7,922,751</u>
4000 Total Liabilities and Fund Balances	<u>\$ 739,917</u>	<u>\$ 20,738</u>	<u>\$ 534,075</u>	<u>\$ 26,768,124</u>

479 Lewis Price Trust Fund	Total Nonmajor Governmental Funds
\$ 14,247	\$ 11,363,354
-	13,705,037
-	802,822
-	181,412
-	684,750
-	44,996
<u>\$ 14,247</u>	<u>\$ 26,782,371</u>
\$ -	\$ 682,833
-	1,840,159
-	13,070,137
-	3,252,244
<u>-</u>	<u>18,845,373</u>
-	684,750
1,000	1,000
-	44,996
-	3,755,848
-	3,445,957
13,247	13,247
-	(8,800)
<u>14,247</u>	<u>7,936,998</u>
<u>\$ 14,247</u>	<u>\$ 26,782,371</u>

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	1,505,459	2,897,353	4,410,870
5020 Total Revenues	1,505,459	2,897,353	4,410,870
EXPENDITURES:			
Current:			
0011 Instruction	1,236,932	1,676,650	1,380,687
0012 Instructional Resources and Media Services	4,363	16,377	-
0013 Curriculum and Instructional Staff Development	80,431	796,864	595,467
0021 Instructional Leadership	-	2,375	62,245
0023 School Leadership	41,416	65,495	-
0031 Guidance, Counseling, and Evaluation Services	15,832	258,137	2,365,810
0032 Social Work Services	92,322	5,045	-
0033 Health Services	2,627	-	4,952
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	31,536	76,410	1,709
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	1,505,459	2,897,353	4,410,870
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	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 -CARES	272 Medicaid Admin. Claim MAC
\$ -	\$ 1,189,272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	40,230	-	-	-	-	-	-
74,450	19,258,960	-	539,862	464,267	99,316	44,107	189,460
74,450	20,488,462	-	539,862	464,267	99,316	44,107	189,460
74,450	-	-	-	275,041	-	44,107	-
-	-	-	-	-	-	-	-
-	-	-	539,862	133,493	-	-	-
-	-	-	-	4,496	-	-	-
-	-	-	-	-	-	-	189,460
-	-	-	-	-	-	-	-
-	-	-	-	-	99,316	-	-
-	16,716,509	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	51,237	-	-	-
-	-	-	-	-	-	-	-
74,450	16,716,509	-	539,862	464,267	99,316	44,107	189,460
-	3,771,953	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,771,953	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	142,787	-	-	-	-	-	-
\$ -	\$ 3,914,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	286 Emergency Connectivity Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,600,651	4,402,637	99,789	4,017,000
5020 Total Revenues	1,600,651	4,402,637	99,789	4,017,000
EXPENDITURES:				
Current:				
0011 Instruction	1,303,701	3,233,018	13,225	4,017,000
0012 Instructional Resources and Media Services	26,853	-	-	-
0013 Curriculum and Instructional Staff Development	12,111	506,513	86,564	-
0021 Instructional Leadership	18,395	24,600	-	-
0023 School Leadership	69,326	189,353	-	-
0031 Guidance, Counseling, and Evaluation Services	61,080	125,717	-	-
0032 Social Work Services	5,820	-	-	-
0033 Health Services	17,522	-	-	-
0034 Student (Pupil) Transportation	24,075	7	-	-
0035 Food Services	-	14	-	-
0036 Extracurricular Activities	1,082	-	-	-
0041 General Administration	12,012	-	-	-
0051 Facilities Maintenance and Operations	18,326	14	-	-
0052 Security and Monitoring Services	982	-	-	-
0053 Data Processing Services	16,383	132,877	-	-
0061 Community Services	12,983	190,524	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,600,651	4,402,637	99,789	4,017,000
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

288 Summer School LEP	289 Other Federal Special Revenue Funds	290 Childcare Relief Funds	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,957	1,416,081	418,822	1,816,005	140,135	67,896	232,763	1,190
12,957	1,416,081	418,822	1,816,005	140,135	67,896	232,763	1,190
12,293	224,196	-	1,222,650	140,135	67,896	113,548	1,190
664	27,184	-	543,591	-	-	22,419	-
-	1,250	-	38,845	-	-	470	-
-	50,171	-	-	-	-	96,326	-
-	1,109,206	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,074	-	-	-	-	-	-
-	-	-	6,903	-	-	-	-
-	-	-	4,016	-	-	-	-
-	-	418,822	-	-	-	-	-
12,957	1,416,081	418,822	1,816,005	140,135	67,896	232,763	1,190
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	423 School Safety & Security Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 418	\$ -
5800 State Program Revenues	12,325	2,297	2,913,408	47,686
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	12,325	2,297	2,913,826	47,686
EXPENDITURES:				
Current:				
0011 Instruction	12,325	990	2,844,881	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,307	68,600	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	345	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	47,686
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	12,325	2,297	2,913,826	47,686
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

425 Ready To Read	426 Math Academies	429 Grow Your Own	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf	446 Deaf Ed Mgmt Board	461 Campus Activity Funds	462 Raising Blended Learners
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,249,298	\$ 2,626,128	\$ 11,262
-	350	20,812	231,808	400,142	-	-	-
-	-	-	-	-	-	-	-
-	350	20,812	231,808	400,142	1,249,298	2,626,128	11,262
-	-	11,002	205,152	400,142	1,170,857	851,634	4,071
-	-	-	-	-	-	145,159	-
-	350	175	18,855	-	323	39,715	7,191
-	-	-	7,801	-	78,118	-	-
-	-	-	-	-	-	82,808	-
-	-	-	-	-	-	241,301	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	9,635	-	-	-	1,058,388	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	62,344	-
-	-	-	-	-	-	2,229	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,387	-
-	-	-	-	-	-	11,984	-
-	350	20,812	231,808	400,142	1,249,298	2,501,949	11,262
-	-	-	-	-	-	124,179	-
-	-	-	-	-	-	1,219	-
-	-	-	-	-	-	125,398	-
-	-	-	-	-	-	2,651,659	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,777,057	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	490 Local Grants	497 2021 Winter Storm	498 COVID-19 Local Activity	Total Nonmajor Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 413,810	\$ -	\$ -	\$ 5,490,188
5800 State Program Revenues	-	-	-	3,669,058
5900 Federal Program Revenues	-	-	-	43,710,030
5020 Total Revenues	413,810	-	-	52,869,276
EXPENDITURES:				
Current:				
0011 Instruction	289,344	1,597,336	30,730	22,455,183
0012 Instructional Resources and Media Services	24,166	-	-	216,918
0013 Curriculum and Instructional Staff Development	126,451	-	-	3,608,130
0021 Instructional Leadership	5,993	-	-	238,842
0023 School Leadership	20,906	-	-	475,050
0031 Guidance, Counseling, and Evaluation Services	9,415	-	-	3,413,249
0032 Social Work Services	-	-	-	103,187
0033 Health Services	466	-	-	1,134,773
0034 Student (Pupil) Transportation	-	-	-	123,398
0035 Food Services	9,470	-	-	16,725,993
0036 Extracurricular Activities	1,096	-	-	1,074,275
0041 General Administration	10,537	188,959	-	211,853
0051 Facilities Maintenance and Operations	198,363	326	-	286,276
0052 Security and Monitoring Services	18,758	-	-	69,655
0053 Data Processing Services	-	-	-	153,276
0061 Community Services	239	-	-	789,847
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	1,546,969	-	1,558,953
6030 Total Expenditures	715,204	3,333,590	30,730	52,638,858
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(301,394)	(3,333,590)	(30,730)	230,418
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	3,333,590	-	3,334,809
1200 Net Change in Fund Balance	(301,394)	-	(30,730)	3,565,227
0100 Fund Balance - July 1 (Beginning)	998,273	-	564,805	4,214,737
1300 Prior Period Adjustment	-	-	-	142,787
3000 Fund Balance - June 30 (Ending)	\$ 696,879	\$ -	\$ 534,075	\$ 7,922,751

479	Total
Lewis Price	Nonmajor
Trust	Governmental
Fund	Funds
\$ -	\$ 5,490,188
-	3,669,058
-	43,710,030
-	52,869,276
-	22,455,183
-	216,918
-	3,608,130
-	238,842
-	475,050
-	3,413,249
-	103,187
-	1,134,773
-	123,398
-	16,725,993
-	1,074,275
-	211,853
-	286,276
-	69,655
-	153,276
-	789,847
-	1,558,953
-	52,638,858
-	230,418
-	3,334,809
-	3,565,227
14,247	4,228,984
-	142,787
\$ 14,247	\$ 7,936,998

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	752 Print Shop	753 Workers Compensation	771 Healthcare Trust Fund	772 Device Insurance	Total Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ (6,343)	\$ 2,006,362	\$ -	\$ 185,611	\$ 2,185,630
Other Receivables	202	99,589	-	-	99,791
Inventories	5,040	-	-	-	5,040
Total Current Assets	(1,101)	2,105,951	-	185,611	2,290,461
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	26,269	-	-	-	26,269
Depreciation on Furniture and Equipment	(9,047)	-	-	-	(9,047)
Total Noncurrent Assets	17,222	-	-	-	17,222
Total Assets	16,121	2,105,951	-	185,611	2,307,683
LIABILITIES					
Current Liabilities:					
Accounts Payable	16,110	35,046	-	1,773	52,929
Accrued Wages Payable	11	-	-	-	11
Accrued Expenses	-	906,269	-	-	906,269
Total Liabilities	16,121	941,315	-	1,773	959,209
NET POSITION					
Unrestricted Net Position	\$ -	\$ 1,164,636	\$ -	\$ 183,838	\$ 1,348,474
Total Net Position	\$ -	\$ 1,164,636	\$ -	\$ 183,838	\$ 1,348,474

DENTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	752 Print Shop	753 Workers Compensation	771 Healthcare Trust Fund	772 Device Insurance	Total Internal Service Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 218,276	\$ 1,242,222	\$ -	\$ 278,931	\$ 1,739,429
Total Operating Revenues	218,276	1,242,222	-	278,931	1,739,429
OPERATING EXPENSES:					
Payroll Costs	180,429	113,683	-	-	294,112
Professional and Contracted Services	139,815	51,225	-	-	191,040
Supplies and Materials	49,300	17,890	-	90,194	157,384
Other Operating Costs	-	430,251	256	4,899	435,406
Total Operating Expenses	369,544	613,049	256	95,093	1,077,942
Operating Income (Loss)	(151,268)	629,173	(256)	183,838	661,487
NONOPERATING REVENUES (EXPENSES):					
Earnings from Temporary Deposits &	-	723	-	-	723
Total Nonoperating Revenues (Expenses)	-	723	-	-	723
Income (Loss) Before Transfers	(151,268)	629,896	(256)	183,838	662,210
Transfer In	134,046	-	256	-	134,302
Transfers Out	-	(1,700,000)	-	-	(1,700,000)
Change in Net Position	(17,222)	(1,070,104)	-	183,838	(903,488)
Total Net Position - July 1 (Beginning)	17,222	2,234,740	-	-	2,251,962
Total Net Position - June 30 (Ending)	\$ -	\$ 1,164,636	\$ -	\$ 183,838	\$ 1,348,474

DENTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	752	753	771	772	Total
	Print Shop	Workers Compensation	Healthcare Trust Fund	Device Insurance	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from District	\$ -	\$ 1,142,860	\$ -	\$ -	\$ 1,142,860
Cash Received from Charges and Fees	218,141	-	-	278,931	497,072
Cash Payments for Payroll Costs	(180,504)	(113,372)	-	-	(293,876)
Cash Payments for Purchased Services	(139,815)	(51,225)	-	-	(191,040)
Cash Payments for Supplies and Materials	(55,567)	(33,406)	(256)	(93,320)	(182,549)
Cash Payments for Claims	-	(523,877)	-	-	(523,877)
Net Cash Provided by (Used for) Operating Activities	(157,745)	420,980	(256)	185,611	448,590
<u>Cash Flows from Capital & Related Financing Activities:</u>					
Transfers In (Out)	134,046	(1,700,000)	256	-	(1,565,698)
<u>Cash Flows from Investing Activities:</u>					
Interest and Dividends on Investments	-	723	-	-	723
Net Increase (Decrease) in Cash and Cash Equivalents	(23,699)	(1,278,297)	-	185,611	(1,116,385)
Cash and Cash Equivalents at Beginning of Year	17,356	3,284,659	-	-	3,302,015
Cash and Cash Equivalents at End of Year	\$ (6,343)	\$ 2,006,362	\$ -	\$ 185,611	\$ 2,185,630
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ (151,268)	\$ 629,173	\$ (256)	\$ 183,838	\$ 661,487
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Receivables	(135)	(99,362)	-	-	(99,497)
Decrease (increase) in Inv./Prepayments	(369)	3,352	-	-	2,983
Increase (decrease) in Accounts Payable	(5,898)	(18,868)	-	1,773	(22,993)
Increase (decrease) in Accrued Wages Payable	(75)	311	-	-	236
Increase (decrease) in Accrued Expenses	-	(93,626)	-	-	(93,626)
Net Cash Provided by (Used for) Operating Activities	\$ (157,745)	\$ 420,980	\$ (256)	\$ 185,611	\$ 448,590

REQUIRED T.E.A. SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2022

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
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	0.927600	0.480000	21,078,524,297
2022 (School year under audit)	0.882000	0.480000	22,989,073,348
1000 TOTALS			

(10) Beginning Balance 7/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2022
\$ 259,920	\$ -	\$ 31,509	\$ 10,400	\$ (21,688)	\$ 196,323
43,057	-	5,304	2,499	(1,803)	33,451
100,957	-	9,218	4,432	(2,527)	84,780
122,349	-	12,604	6,060	(3,597)	100,088
140,595	-	20,180	9,702	(2,454)	108,259
383,897	-	62,626	28,359	(111,770)	181,142
550,282	-	239,434	108,423	185,743	388,168
700,634	-	210,664	102,140	147,952	535,782
3,309,681	-	1,368,564	708,183	(533,814)	699,120
-	313,111,179	201,107,143	109,446,064	-	2,557,972
<u>\$ 5,611,372</u>	<u>\$ 313,111,179</u>	<u>\$ 203,067,246</u>	<u>\$ 110,426,262</u>	<u>\$ (343,958)</u>	<u>\$ 4,885,085</u>

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 4,682,300	\$ 6,315,800	\$ 1,189,272	\$ (5,126,528)
5800	State Program Revenues	70,000	70,000	40,230	(29,770)
5900	Federal Program Revenues	9,648,430	12,030,744	19,258,960	7,228,216
5020	Total Revenues	14,400,730	18,416,544	20,488,462	2,071,918
EXPENDITURES:					
Current:					
0035	Food Services	14,400,730	18,416,544	16,716,509	1,700,035
6030	Total Expenditures	14,400,730	18,416,544	16,716,509	1,700,035
1200	Net Change in Fund Balances	-	-	3,771,953	3,771,953
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment	-	-	142,787	142,787
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 3,914,740	\$ 3,914,740

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 106,768,665	\$ 110,571,914	\$ 110,777,189	\$ 205,275
5800 State Program Revenues	944,333	740,839	695,017	(45,822)
5020 Total Revenues	107,712,998	111,312,753	111,472,206	159,453
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	51,671,900	60,352,371	60,352,371	-
0072 Interest on Long-Term Liabilities	54,063,902	54,573,431	54,573,431	-
0073 Bond Issuance Cost and Fees	1,976,725	1,976,725	1,613,063	363,662
6030 Total Expenditures	107,712,527	116,902,527	116,538,865	363,662
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	471	(5,589,774)	(5,066,659)	523,115
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	155,980,000	155,980,000	-
7916 Premium or Discount on Issuance of Bonds	-	24,926,057	24,926,057	-
7949 Other Resources	-	1,214	1,214	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(179,653,959)	(179,653,959)	-
7080 Total Other Financing Sources (Uses)	-	1,253,312	1,253,312	-
1200 Net Change in Fund Balances	471	(4,336,462)	(3,813,347)	523,115
0100 Fund Balance - July 1 (Beginning)	97,498,161	97,498,161	97,498,161	-
3000 Fund Balance - June 30 (Ending)	\$ 97,498,632	\$ 93,161,699	\$ 93,684,814	\$ 523,115

DENTON INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$23,289,373
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$17,288,724

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$3,739,956
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$1,707,592

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

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, 2022, 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, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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



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

November 15, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denton Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Denton Independent School District's major federal programs for the year ended June 30, 2022. Denton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Denton Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



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

November 15, 2022

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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:

84.425D	ESSER Relief Fund I
84.425D	ESSER Relief Fund II
84.425U	ESSER Relief Fund III
32.009	Emergency Connectivity Fund
93.600	Head Start
93.323	ELC Reopening Schools

Child Nutrition Cluster:

10.553	School Breakfast Program
10.555	National School Lunch Program-Cash Assistance
10.555	National School Lunch Program-Noncash Assistance
10.555	Supply Chain Assistance

IDEA-B Cluster:

84.027	IDEA, Part B-Formula
84.173	IDEA, Part B-Preschool
84.027X	IDEA, Part B-Formula ARP
84.027	SSA-IDEA, Part B-Discretionary Deaf

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,442,415.
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, 2022

None

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<u>Passed Through Tx Dept of Emergency Management</u>			
Texas Severe Winter Storms	97.036	4586PATXP000001	\$ 147,284
Total Passed Through Tx Dept of Emergency Management			147,284
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			147,284
FEDERAL COMMUNICATIONS COMMISSION			
<u>Direct Programs</u>			
Emergency Connectivity Fund (ECF)	32.009	ECF202115616	4,017,000
Emergency Connectivity Fund (ECF)	32.009	ECF202103715	10,307
Total Assistance Listing Number 32.009			4,027,307
Total Direct Programs			4,027,307
TOTAL FEDERAL COMMUNICATIONS COMMISSION			4,027,307
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000	01-061901	270,341
Total Direct Programs			270,341
TOTAL U.S. DEPARTMENT OF DEFENSE			270,341
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	01-061901	121,683
Total Direct Programs			121,683
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101061901	56,847
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101061901	2,722,381
ESEA, Title I, Part D, Subpart 2	84.010A	21610103061901	6,324
ESEA, Title I, Part D, Subpart 2	84.010A	22610103061901	224,210
Total Assistance Listing Number 84.010			3,009,762
*IDEA - Part B, Formula	84.027	216600010619016600	64,021
*IDEA - Part B, Formula	84.027	226600010619016600	4,517,681
*IDEA-Part B, Formula ARP	84.027X	225350010619015350	103,664
*SSA - IDEA - Part B, Discretionary	84.027	226600110619016673	67,896
Total Assistance Listing Number 84.027			4,753,262
*IDEA - Part B, Preschool	84.173	216610010619016610	490
*IDEA - Part B, Preschool	84.173	226610010619016610	73,960
Total Assistance Listing Number 84.173			74,450
Total Special Education Cluster (IDEA)			4,827,712
SSA - Career and Technical - Basic Grant	84.048	21420006061901	1,628
SSA - Career and Technical - Basic Grant	84.048	22420006061901	231,135
Total Assistance Listing Number 84.048			232,763
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	223911010619013911	1,190

DENTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	226950167110013	99,316
Title III, Part A - English Language Acquisition	84.365A	21671001061901	6,112
Title III, Part A - English Language Acquisition	84.365A	22671001061901	460,736
Total Assistance Listing Number 84.365			466,848
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501061901	7,292
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501061901	553,522
Total Assistance Listing Number 84.367			560,814
Summer School LEP	84.369A	69551901	12,957
ESEA, Title IV, Part A	84.424A	20680101061901	59,259
ESEA, Title IV, Part A	84.424A	21680101061901	21,999
ESEA, Title IV, Part A	84.424A	22680101061901	234,892
Total Assistance Listing Number 84.424			316,150
ESSER Relief Fund I	84.425D	20521001061901	50,107
ESSER Relief Fund III	84.425D	21528001061901	5,101,731
ESSER Relief Fund II	84.425U	21521001061901	2,893,781
Total Assistance Listing Number 84.425			8,045,619
Total Passed Through Texas Education Agency			17,573,131
TOTAL U.S. DEPARTMENT OF EDUCATION			17,694,814
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Head Start	93.600	06CH010978-03-01	1,465,826
Head Start	93.600	06HE00073001-C6	39,633
Total Assistance Listing Number 93.600			1,505,459
Total Direct Programs			1,505,459
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00169	189,460
Total Passed Through Texas Health and Human Services Commission			189,460
<u>Passed Through State Department of Education</u>			
School Health Support (ELC Reopening Schools)	93.323	HHS001114100001	1,152,260
Total Passed Through State Department of Education			1,152,260
<u>Passed Through Texas Workforce Commission</u>			
SSA-Adult Education (ABE)-Federal	84.002A	0418ALAC00	356,226
SSA-Adult Education (ABE)-Federal	84.002A	0418ALAD00	1,515,718
Total Assistance Listing Number 84.002			1,871,944
SSA - Temporary Assistance for Needy Families	93.558		143,862
CRRSA Child Care Relief Funds	93.489	2022-1721005	273,822
CRRSA Child Care Relief Funds	93.489	2022-0937506	145,000
Total Assistance Listing Number 93.489			418,822
Total Passed Through Texas Workforce Commission			2,434,628
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			5,281,807

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, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	3,681,818
*National School Lunch Program - Cash Assistance	10.555	71302201	14,939,626
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302201	1,410,344
*Supply Chain Assistance	10.555	71302201	627,176
Total Assistance Listing Number 10.555			16,977,146
Total Child Nutrition Cluster			20,658,964
Total Passed Through the Texas Department of Agriculture			20,658,964
TOTAL U.S. DEPARTMENT OF AGRICULTURE			20,658,964
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 48,080,517
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DENTON INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

- 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 \$3,820,872.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$48,080,517
SHARS Revenue reported in the General Fund	5,907,468
Federal Excise Tax Reimbursements	591,802
Tax Credit Revenue reported in the Debt Service Fund	-
Plus Revenue Received for Coronavirus Relief Fund for FY20 Expenditures	-
Total Federal Program Revenue	<u>\$54,579,787</u>