



# Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2014

1307 N. LOCUST STREET | DENTON, TEXAS 76201

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**DENTON INDEPENDENT SCHOOL DISTRICT**

for the

Fiscal Year Ended June 30, 2014



Prepared by:

Division of Administrative Services

Deborah Monschke

Assistant Superintendent of Administrative Services

1307 N. Locust Street • Denton, Texas 76201

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2014

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# ***INTRODUCTORY SECTION***

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

December 19, 2014

To the Citizens of the Denton Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the Denton Independent School District ("DISD" or the "District") for the year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the DISD. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The DISD is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended in 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information relating to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and independent auditors' reports on internal controls and compliance with applicable laws and regulations, is included in the single audit section.

This report includes all funds of the Denton Independent School District. The DISD maintains a fully accredited pre-kindergarten through grade twelve program. Both the Texas Education Agency and the Southern Association of Colleges and Schools accredit these programs. The District provides a full range of services. These services include general education for grades pre-kindergarten through twelve, special education for students from three through twenty-one years of age, accelerated education for students requiring remediation, a variety of technical courses and a number of elective and advanced placement courses for those students who wish additional experiences or challenges.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **GOVERNING BODY**

The seven members of the Board of Trustees serve - without compensation - a three-year term of office. On a rotating basis, two or three places are filled during annual elections held in May. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the District.

Regular meetings are scheduled the second and fourth Tuesdays of the month and are held in the District's administration building. Special meetings and study sessions are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in school Board elections. Board decisions are based on a majority vote of the quorum present. Generally, the Board adopts policies, sets direction for curriculum, employs the Superintendent and oversees the operations of the District and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions and adopting and amending the annual budget.

## **ECONOMIC CONDITION AND OUTLOOK**

The Denton Independent School District is located in the city of Denton, in Denton County of North Central Texas and encompasses approximately 180 square miles. While the major portion of the District boundaries includes the 97.411 square miles of the City of Denton, all or part of the following additional cities, communities or major developments in Denton County comprise the 180 square miles: Argyle, Bartonville, Copper Canyon, Corinth, Cross Roads, Cross Oaks Ranch, Double Oak, Lantana, Lincoln Park, Oak Point, Prosper, Providence, Paloma Creek, Robson Ranch, Savannah and Shady Shores. According to the U.S. Census Bureau and the City of Denton Statistical Trends and News of Denton, Denton County's population increased 2.9 percent from 2012 to 2013 census estimate, which resulted in a population of 728,799 in 2013 – compared to 708,050 in 2012. The city of Denton reported a growth rate of 1.3 percent for the same period of time with a population of 123,099, compared to 121,460 in 2012. Denton has a diverse labor pool of both skilled and professional workers. At June 30, 2014, the Texas Workforce Commission reported an available workforce in the City of Denton of 68,505 with an unemployment rate of 4.6%.

Denton is located 38 miles northwest of Dallas and 36 miles northeast of Fort Worth. Denton businesses have easy access to air, rail and highways. The area has four airports: Alliance Airport, Dallas/Fort Worth International Airport, Dallas Love Field, and Denton Municipal Airport. The Kansas Southern and Union Pacific railroads also provide service to Denton.

Denton is home to two universities and one college: The University of North Texas, Texas Woman's University and North Central Texas College. This access to higher education enhances the quality of life element in Denton. These three institutions are a major source of public employment for Denton and the surrounding area. In the private sector, more than 100 private companies distribute, manufacture, produce goods and provide employment to area residents.

The student population has steadily increased over the past five years at an average growth rate of approximately 3.66 percent annually. The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. Total enrollment for the year ended June 30, 2014 was 26,047 with an average daily attendance rate of 94.54%. Enrollment is projected to be 26,377 for the 2014-2015 school year.

The school district's facilities are in excellent condition and its major maintenance plan continues to improve all of its facilities and operations. The average age of instructional campuses in the District is twenty four years. Eleven of the twenty one elementary campuses have been built since 2001. Of the twelve secondary campuses in the District, six campuses have been built since 2001, and both early childhood campuses were built since 2001. The district will open the twenty-second elementary school, Dorothy Adkins Elementary School, in August 2014. The district has begun construction on the fourth comprehensive high school and is in the planning stages of elementary number twenty three. Both of these campuses are scheduled for an August 2016 opening and are located in the fast growth 380 corridor. The 2014 total tax rate for the school district is \$1.54/\$100 valuation. The tax rate has two components: maintenance and operations and debt service. The maintenance and operations portion funds the daily operations of the school district. The debt service portion funds the principal and interest on general obligation long-term debt.

## **MAJOR INITIATIVES**

The Denton Independent School District (DISD) continues to meet the standards of the Texas Accountability System outlined by the Texas Education Agency. In 2013-2014, all but one DISD campus met these standards with many campuses receiving distinction. This assessment is more rigorous, and the accountability standards have risen with the rigor. In addition, the graduation rate of DISD students continues to be above 98%.

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

All of the schools in the Denton ISD are accredited by the Texas Education Agency and is one of only a handful of districts in Texas that is accredited by the Southern Association of Colleges and Schools. The district and Board of Trustees are committed to providing the best educational programs possible in the critical areas of Science, Technology, Engineering, Arts and Math. These content areas are integrated so students are better prepared for 21st century challenges and careers.

Another strong commitment of the district is its International Baccalaureate Programme (IB), an elite universal educational program. Denton ISD is one of a handful of districts nationwide to offer IB programs at all grade levels. The district added Borman Elementary School to the IB continuum during the 2013-2014 school year. This new endeavor is indicative of the district commitment to rigorous academic preparation and commitment to lifelong learning. At Borman, both Spanish and English speaking students are taking classes to learn French, a second language for most students and a third language for many others.

The district continues to focus on early childhood education by not only committing physical and financial resources to our youngest learners, but also by partnering with local nonprofits to bring Ready Rosie a parenting enrichment program to parents, grandparents, and care givers within the community. The



district also entered into a partnership with a local non-profit child care center, Fred Moore Day Nursery School, to expand early childhood education to our families.

The district is also committed to engaging the community with district students through a community partnership known as Mentor Denton. The initial purpose is to provide mentors to work one-on-one with students at each Denton ISD campus. The program has grown to over 1000 mentor volunteers, offers a human library designed for one time engagements and provides internship opportunities for high school students who are considered most “at-risk” of not completing high school.

## **DISTRICT ACCOMPLISHMENTS**

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

- The Guyer High School football team won the UIL Class 4A Division I State Championship for the second year in a row
- A Ginnings Elementary School student’s artwork was selected by Governor Rick Perry for the Governor’s Top 10 Pieces of Art.
- Three Denton High School journalism students placed among the top finishers at the national Journalism Education Association’s national Journalism Conference in Boston, Massachusetts.
- The Navo Middle School Varsity Treble Choir was chosen as one of four middle school/junior high school choirs to perform at the 2014 Texas Music Educators Association convention in San Antonio, Texas
- A Guyer High School student won the state runner-up title in the 100-yard breaststroke.
- A team of two students from Guyer High School won the State Championship title in duet acting at the Texas Forensic Association’s state competition. They also placed second in the nation.
- Twelve students representing two high schools competed in the annual University Interscholastic League state academic meet. Two students were named state champions in the poetry and prose sections.
- A Ryan High School student was selected as a member of the Texas Music Educators Association All-State Orchestra.
- The McMath Middle School Tiger Jazz Band was one of two middle school bands in the nation to be named a 2014 National Jazz Honors recipient by the Foundation for Music Education. This marks the second time in three years that they have received this honor.
- Fifteen 2014 Denton High School graduates received Distinguished International Baccalaureate Diplomas. Along with the diplomas, these students earned a minimum of twenty four college credits. Depending on their choice of area of study and college that they attend, their IB diplomas can earn them up to forty one hours of college credit.

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

- Two Denton ISD campuses earned the prestigious CREST Award which recognizes the top counseling staffs in the state by the Texas School Counselor Association.
- A Middle Years Program Coordinator from Denton High School was only one of a handful of candidates elected from North and South America for entrance into the International Baccalaureate Academy in Seattle, Washington.

- A high school career and technology counselor earned the Region IV Career Guidance Award by the Association for Career and Technical Education which is a national award.
- A high school journalism teacher received the 2013 University Interscholastic League's Sponsor Excellence Award which recognizes outstanding sponsors who continually pursue excellence in their students' extracurricular talents.

### **RELEVANT FINANCIAL POLICIES**

The District's financial policies address accounting and fiscal operations of the District with emphasis on asset management, operating reserves and fund balances. The District's financial policies are reviewed annually to comply with internal accounting issues, Federal and State laws and the governing body's directives.

The Board and administration of the Denton ISD are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The Denton Independent School District reports a significant amount of data to the State of Texas through the state's Public Education Information Management System (PEIMS). The state then uses this data in compiling its Texas Academic Performance Report. The state also produces a summary of this data in the form of a School Report Card. The data covers such items as "per pupil" revenues and expenditures for each campus and district, a comparison of district and campus test scores, various demographic information and a comparison of each campus with forty peer group members of similar socio-economic and ethnic demographics. The Texas Academic Performance Report is used to rate campuses and school districts with various levels of accreditation depending upon district and campus test scores. This system functions in a similar capacity to "Service Efforts and Accomplishments."

Two factors that impact the District significantly are the tax rate and property value. In 2013-2014 the maintenance and operations tax rate was \$1.04. The debt service tax rate was \$0.49 for a total rate of \$1.53. The District's certified property values increased 3.44% for 2012-2013 and increased 5.03% for 2013-2014. The certified property values for 2014-2015 increased by \$1,134,848,961 or 11.83%.

*Single Audit.* As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the audit staff of the District.

As part of the District's single audit, tests were made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance awards, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the year ended June 30, 2014, provided no instances of material weaknesses in the internal control structure and no instances of noncompliance that are required to be reported under Government Auditing Standards.

*Budgetary Controls.* In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's governing body. Activities of the general fund, child nutrition fund and debt service fund are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund, function and object. Budgetary control is enhanced by an encumbrance accounting system that includes an on-line purchasing system for all campuses and departments. The purchasing system will not allow a purchase exceeding legally appropriated budgetary amounts. There were no functions within the annual appropriated budget that exceeded the budgeted amount. Outstanding encumbrances at the end of a fiscal year generally are rolled forward into the subsequent fiscal period with the subsequent budget amended accordingly. As demonstrated by the statements and schedules included in the financial section of this report, the school district continues to meet its responsibility for sound financial management.

## **INDEPENDENT AUDIT**

State law and District policy require an annual audit by independent certified public accountants. The District's Board of Trustees selected the accounting firm of Hankins, Eastup, Deaton, Tonn and Seay. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1984 as amended in 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denton Independent School District for its comprehensive annual financial report (CAFR) for the year ending June 30, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Denton Independent School District has received a Certificate of Achievement for the last twenty-eight consecutive years. We believe our current comprehensive report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) awards its Certificate of Excellence in Financial Reporting (CEO) to governmental entities whose comprehensive annual financial report has been judged to meet the standards required of this award. The ASBO award program is intended to help governmental units prepare reports in such a format and with such content as to greatly enhance the ability of users of these reports (trustees, citizens, management, regulatory agencies, investors, etc.) to better understand the District's activity.

The Denton Independent School District has received the ASBO Certificate of Excellence Award for its comprehensive annual financial report for twenty-nine consecutive years. We believe this report may also qualify for this award and we are submitting it to ASBO to determine its eligibility for another certificate.

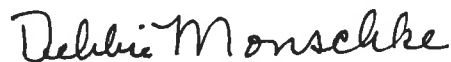
### **ACKNOWLEDGMENTS**

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business office. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Without the leadership and support of the Board of Trustees of the Denton Independent School District, the preparation of this report would not have been possible.

Respectfully submitted,



Dr. Jamie Wilson  
Superintendent



Debbie Monschke  
Assistant Superintendent of Administrative Services

# Association of School Business Officials International



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

## **Denton Independent School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

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



Handwritten signature of Terrie S. Simmons in black ink.

Terrie S. Simmons, RSBA, CSBO  
President

Handwritten signature of John D. Musso in black ink.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

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

Presented to

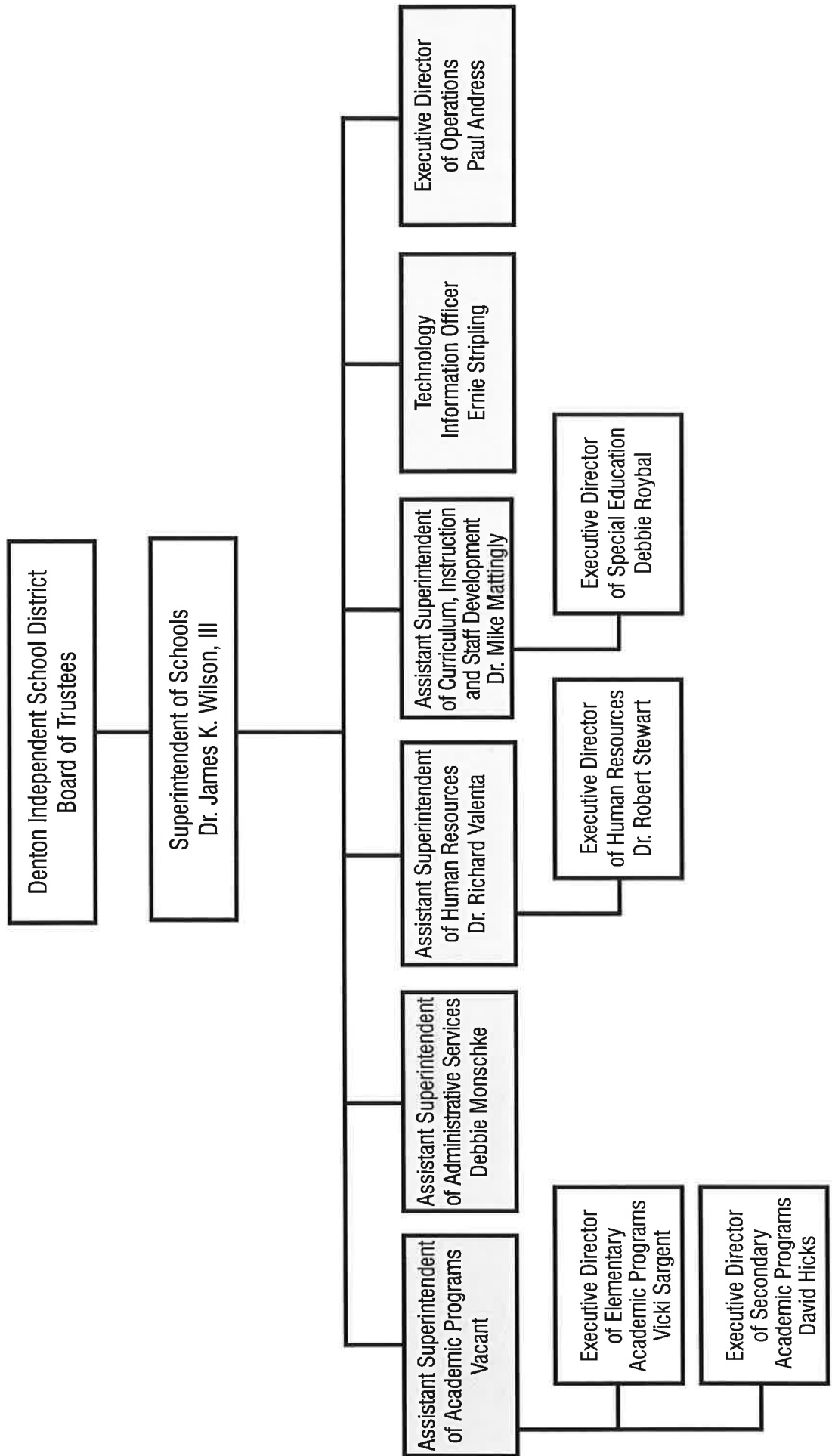
**Denton Independent School  
District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Denton Independent School District's Organizational Chart



**DENTON INDEPENDENT SCHOOL DISTRICT**

**ELECTED OFFICIALS**

**BOARD OF TRUSTEES**

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
Dr. Glenna G. Harris, President	May, 2016	Physician
Ms. Barbara Burns, Vice President	May, 2015	Retired Educator
Dr. Jeanetta Smith, Secretary	May, 2015	Retired Educator
Mr. Charles Stafford, Member	May, 2016	Real Estate Broker
Ms. Mia Price, Member	May, 2016	Business Manager
Dr. Jim Alexander, Member	May, 2017	College Professor
Ms. Dorothy Martinez, Member	May, 2017	Retired Educator



## DENTON INDEPENDENT SCHOOL DISTRICT

### APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Years in District</u>
Dr. Jamie Wilson	Superintendent	9 years
Dr. Mike Mattingly	Assistant Superintendent Curriculum And Instruction and Staff Development	7 years
Mrs. Debbie Monschke	Assistant Superintendent Administrative Services	19 years
Mr. Ernie Stripling	Technology Information Officer	14 years
Dr. Richard Valenta	Assistant Superintendent Human Resources	2 years
Mr. Paul Andress	Executive Director Operations	19 years
Mr. David Hicks	Executive Director Secondary Academic Programs	2 years
Mrs. Vicki Sargent	Executive Director Elementary Academic Programs Executive Director	28 years
Mrs. Debbie Roybal	Executive Director Special Education	4 years
Dr. Robert Stewart	Executive Director Human Resources	7 years

**DENTON INDEPENDENT SCHOOL DISTRICT**

Consultants and Advisors

**ARCHITECTS**

**VLK Architects**

2821 West 7<sup>th</sup> Street, Suite 300  
Fort Worth, Texas 76107

**Stantec Architecture, Inc.**

5717 Legacy Drive, Ste 250  
Plano, Texas 75024

**Corgan Associates, Inc**

401 North Houston Street  
Dallas, Texas 75204

**AUDIT FIRM**

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

A Professional Corporation  
902 North Locust  
Denton, Texas 76201

**BOND ATTORNEYS**

**McCall, Parkhurst & Horton L.L.P.**

717 North Harwood, 9<sup>th</sup> Floor  
Dallas, Texas 75201-6587

**FISCAL AGENT**

**BOSC, Inc.**

333 W Campbell Road, Suite 350  
Richardson, Texas 75080

**OFFICIAL DEPOSITORY**

**Northstar Bank of Texas**

400 N. Carroll Blvd.  
Denton, Texas 76201

**TAX COLLECTION ATTORNEY**

**Sawko & Burroughs, L.L.P.**

1100 Dallas Drive, Suite 100  
Denton, Texas 76205

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## ***FINANCIAL SECTION***

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

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

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

UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denton Independent School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denton Independent School District as of June 30, 2014, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 17 through 25 and budgetary comparison information on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denton Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedules listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2014 on our consideration of Denton Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton Independent School District's internal control over financial reporting and compliance.



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

November 11, 2014

**DENTON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014  
(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, 2014. Please read this narrative in conjunction with the independent auditors' report on page 15, and the District's Basic Financial Statements that begin on page 27.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Denton Independent School District exceeded its liabilities at the close of the most recent fiscal year by \$38,198,340 (net position). Included in the total is \$39,403,654 of unrestricted net position that may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fund designation and fiscal policies.
- The District's total net position increased by \$2,941,052 during the fiscal year.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$327,758,486. Over 18% of this total amount (\$60,130,205) is unassigned and available for use within the District's commitments and policies.
- At the end of the current fiscal period, unassigned fund balance for the general fund was \$60,103,205 or 29.47% of the total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 27 through 29). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 30) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 43) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The section labeled Single Audit Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### **The Statement of Net Position and the Statement of Activities**

The analysis of the District's overall financial condition and operations begins on page 27. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities**—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in the child nutrition program and in its athletic stadium concessions activities.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The fund financial statements begin on page 30 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.



- Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains thirty-two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which are considered to be major funds. Data from the other twenty-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 30 through 35 of this report.
- Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and the print shop.
- Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on page 42. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

## **Governmental Activities**

**Net Position.** The net position of the District's governmental activities at June 30, 2014 was \$34,872,307. Investment in capital assets (e.g. land, building, furniture, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was a deficit of \$59,743,833 at June 30, 2014. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's governmental activities net position (\$57,219,592) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$37,396,548 which may be used to meet the District's ongoing obligations.

**Changes in Net Position.** The District's total revenues of its governmental activities were \$272,793,440. A significant portion, approximately 59.7 percent, of the revenue comes from property taxes. Another 27.5 percent comes from state aid - formula grants while only 3.5 percent relates to charges for services. This reflects a \$14.2 million increase in revenues from 2012-2013, primarily from increases in property taxes and state aid. The total revenues were used to fund the cost of all programs and services in the amount of \$269,571,595, and to pay down the District's debt. This reflects a \$15.8 million increase in expenses from 2012-2013, or approximately 6.2%.

**Governmental Activities.** The District's total net position of its governmental activities increased \$3,221,845. The total cost of all government activities for the fiscal year ended June 30, 2014 was \$269,571,595. Funding for these governmental activities is by specific program revenue or through general revenues such as property taxes, state aid and investment earnings. Program revenues directly attributable to specific activities funded some of the governmental activities costs. These program revenues amounted to \$32,964,111 (grant revenues, tuition and facility leasing, for example). The remaining cost of governmental activities not directly funded by program revenues was \$236,607,484, which were primarily funded by property taxes in the amount of \$163,022,607 and state revenue plus grants and contributions of \$75,113,566.

## **Business-type Activities**

**Net Position.** The net position of the District's business-type activities at June 30, 2014 were \$3,326,033. Investment in capital assets (e.g. furniture, vehicles and equipment) was \$1,333,128 at June 30, 2014. The remaining balance of unrestricted net position is \$1,992,905 which may be used to meet the District's ongoing obligations in the child nutrition program and stadium concessions operations.

**Changes in Net Position.** The District's total revenues of its business-type activities were \$9,005,750. The revenues come from two primary sources - approximately 63.3 percent from federal reimbursements for the school breakfast and lunch program, and approximately 36.6 percent from charges for services. The total revenues were used to fund program costs that totaled \$9,286,543.

**Business-type Activities.** The District's total net position of its business-type activities decreased \$280,793, or approximately 7.8 percent. The total cost of all business-type activities for the fiscal year ended June 30, 2014 was \$9,286,543. Funding for these business-type activities is primarily by specific program revenue. Program revenues directly attributable to the two activities funded virtually of the costs. These program revenues amounted to \$9,004,756. The volume of activity in the District's business-type activities during the year was virtually unchanged from the prior year.

**Table I**  
**NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	199,105,719	369,902,756	2,712,281	2,434,574	201,818,000	372,337,330
Capital assets	555,604,206	568,618,911	1,596,924	1,333,128	557,201,130	569,952,039
Total assets	754,709,925	938,521,667	4,309,205	3,767,702	759,019,130	942,289,369
Deferred outflows of resources	12,508,832	11,586,235	-	-	12,508,832	11,586,235
Total assets and deferred outflows of resources	767,218,757	950,107,902	4,309,205	3,767,702	771,527,962	953,875,604
Long-term liabilities	692,936,627	875,449,627	-	-	692,936,627	875,449,627
Other liabilities	42,631,668	39,785,968	702,379	441,669	43,334,047	40,227,637
Total liabilities	735,568,295	915,235,595	702,379	441,669	736,270,674	915,677,264
Net Position:						
Net investment in capital assets	(60,034,706)	(59,743,833)	1,596,924	1,333,128	(58,437,782)	(58,410,705)
Restricted	51,810,403	57,205,391	-	-	51,810,403	57,205,391
Unrestricted	39,874,765	37,410,749	2,009,902	1,992,905	41,884,667	39,403,654
Total net position	31,650,462	34,872,307	3,606,826	3,326,033	35,257,288	38,198,340

**Table II  
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	3,088,155	6,145,847	3,427,809	3,300,464	6,515,964	9,446,311
Operating grants and contributions	25,828,498	26,818,264	5,802,533	5,704,292	31,631,031	32,522,556
Capital grants and contributions	632,120	-	-	-	632,120	-
<b>General Revenues:</b>						
Maintenance and operations taxes	105,882,631	110,871,393	-	-	105,882,631	110,871,393
Debt service taxes	49,808,593	52,151,214	-	-	49,808,593	52,151,214
State aid - formula grants	72,633,199	75,113,566	-	-	72,633,199	75,113,566
Grants and Contributions	131,686	1,322,103	-	-	131,686	1,322,103
Investment Earnings	262,100	85,849	3,878	994	265,978	86,843
Miscellaneous	308,081	285,204	-	-	308,081	285,204
<b>Total Revenue</b>	<b>258,575,063</b>	<b>272,793,440</b>	<b>9,234,220</b>	<b>9,005,750</b>	<b>267,809,283</b>	<b>281,799,190</b>
<b>Expenses:</b>						
Instruction, curriculum and media services	153,099,254	162,667,004	-	-	153,099,254	162,667,004
Instructional and school leadership	14,946,835	15,218,321	-	-	14,946,835	15,218,321
Student support services	19,258,554	20,068,786	-	-	19,258,554	20,068,786
Food Services	128,876	169,939	9,050,972	9,227,871	9,179,848	9,397,810
Cocurricular activities	5,597,180	6,092,564	76,577	58,672	5,673,757	6,151,236
General administration	5,272,993	5,736,385	-	-	5,272,993	5,736,385
Plant maintenance, security & data processing	26,826,170	27,370,829	-	-	26,826,170	27,370,829
Community services	813,366	841,290	-	-	813,366	841,290
Debt services	26,456,836	29,914,489	-	-	26,456,836	29,914,489
Intergovernmental charges	1,503,063	1,491,988	-	-	1,503,063	1,491,988
<b>Total Expenses</b>	<b>253,903,127</b>	<b>269,571,595</b>	<b>9,127,549</b>	<b>9,286,543</b>	<b>263,030,676</b>	<b>278,858,138</b>
Increase (decrease) in net position before transfers and special items	4,671,936	3,221,845	106,671	(280,793)	4,778,607	2,941,052
Special Items/Extraordinary Items	128,031	-	-	-	128,031	-
Net Position – beginning of year	26,850,495	31,650,462	3,500,155	3,606,826	30,350,650	35,257,288
Net Position – end of year	31,650,462	34,872,307	3,606,826	3,326,033	35,257,288	38,198,340

- The Board of Trustees maintained the maintenance and operation property tax rate of \$1.04 for the fiscal year 2013-2014. This is the maximum rate allowed by law without a rollback election. The debt service rate was set at \$0.49. The total tax rate necessary to fund the 2013-2014 budget was \$1.53.
- The District continues to experience an increase in property values over the prior year. The actual increase in certified and under review values for 2013 was \$459,701,851 or 5.03%.
- Several items contributed to the Salary Compensation Plan for 2013-2014 including the following:
  - Starting teacher salary of \$48,000
  - Paying a stipend of \$1,750 for a master's degree and an additional \$1,750 for a doctorate degree
  - General pay increases of \$1,200 for Teachers, Nurses and Librarians
  - Increases for support staff included:
    - revised pay structures – generally 2% of pay range mid-point
    - equity adjustments for continuing employees - at least .5% above the minimum of their pay range
    - Job experience equity

The cost of all governmental activities for the current fiscal period was \$269,571,595. 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 \$163,022,607 because some of the costs were paid by those who directly benefited from the programs (\$6,145,847) or by other governments and organizations that subsidized certain programs with grants and contributions (\$26,818,264) or by State equalization funding (\$75,113,566).

## 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 \$327,758,486 an increase of \$174,674,289. Approximately 25 percent of this total amount (\$80,585,276) 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 (\$56,166,524), or for capital projects (\$190,484,770), or already spent on prepaid items (\$353,528), inventories (\$167,388) 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 \$60,130,205, while the total fund balance was \$76,659,863. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 29.48 percent of the total general fund expenditures, while the total fund balance represents 37.59 percent of that same amount.

The fund balance of the District's general fund increased by \$3,014,464 during the current fiscal year, compared to a \$3,782,110 decrease in the previous year. Key factors related to this change are as follows:

- A \$4,650,918 increase in property tax revenues combined with a \$2,481,280 increase in the state foundation and per capita funding contributed to a \$9,239,645 overall increase in total revenues. Expenditures increased \$11,153,110 or 5.78% with increases in most functional categories.
- \$1,929,047 of general fund monies were transferred to the capital projects fund to set aside for future capital replacement needs, compared to \$6,464,255 transferred in the previous year.

The debt service fund has a total fund balance of \$56,166,524, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$5,334,453, compared to a \$3,704,220 increase in the previous year. Tax revenues were \$2,217,096 higher than the previous year, but debt service expenditures were \$2,040,354 higher as well.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund increased by \$166,264,830 due primarily to \$202,299,049 proceeds from the sale of bonds offset by \$36,534,229 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, 2013). 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 \$76,659,863 reported on page 34 differs from the General Fund's budgetary fund balance of \$63,439,997 reported in the budgetary comparison schedule on page 73. For the year ended June 30, 2014, actual general fund expenditures on a budgetary basis were \$203,934,449, below the original budget expenditures of \$208,657,178. The actual expenditures were also below the revised final budget of \$213,072,062. The majority of the actual variance of \$9,137,613 consists of savings achieved in payroll costs in the instructional area and savings achieved in utilities costs in the facilities maintenance and operations area. Actual revenue on a budgetary basis was \$204,583,032 compared to the original budget of \$203,083,782 and a revised budget of \$203,574,075. The actual variance of \$1,008,857 was due to higher than expected tax revenue.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the District had \$568,618,911 (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 \$13,014,705, or 2.34 percent, above last year.

This fiscal year's major additions included:

Continuing construction costs on a new elementary school, paid for with proceeds of general obligation bonds issued in a prior year.	\$14,186,388
Land purchases	<u>7,331,736</u>
Totaling	<u>\$21,518,124</u>

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

### Debt Administration

At year-end, the District had \$833,787,598 in bonds outstanding (including accreted interest on bonds) versus \$663,368,554 last year—an increase of 25.69 percent. New debt was incurred during the fiscal period through the issuance of three building 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.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$1,059,444,686, which is significantly in excess of the District's outstanding general obligation debt.

Other obligations include accrued vacation benefits and special termination benefits. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Board of Trustees of the Denton Independent School District adopted a total tax rate of \$1.54 per \$100 of assessed value for 2014-2015. The M & O tax rate will remain at \$1.04. The debt service tax rate will increase to \$0.50 for a total rate of \$1.54. The one-cent increase will allow the District to pay off existing debt prior to their scheduled maturity and provide a savings of more than \$5.91 million in interest costs. The District's certified values increased \$1,134,848,961 or 11.83% for 2014.

State funding for 2014-2015 is projected to be \$84,056,041 or 40.46% of the total budget compared to \$89,062,475 or 43.59% for 2013-2014.

The District has worked with TASB over the past two years to examine pay equity for employees and to determine if pay practices were internally fair and externally competitive. Several adjustments were implemented during the 2013-2014 school year. The 2014-2015 Salary Compensation Plan includes \$2,880,558 in the proposed budget. Details of the plan were recommended after the certified values were received in July 2014. Additionally, the new Teacher Retirement (TRS) contribution of 1.5% of certain salaries was included in the 2014-2015 budget as well as the additional staffing cost for the opening of Dorothy Adkins Elementary School.

The main focus for the 2014-2015 budget was the projected increase in student enrollment of 1.47% while maintaining current programs. Denton ISD will receive approximately \$5,006,434 less in state funding for 2014-2015 than in the prior year's adopted budget. Property tax collections are expected to increase by \$8,753,383. Projected growth in student enrollment provides additional revenue to cover the 2014-2015 budget.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for funds the District receives. If you have questions about this report or need additional financial information, contact the District's business office, at Denton Independent School District, 1307 North Locust, Denton, Texas 76201, (940) 369-0000.

## BASIC FINANCIAL STATEMENTS



DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 344,658,643	\$ 2,105,930	\$ 346,764,573
Property Taxes Receivable (Delinquent)	3,758,732	-	3,758,732
Allowance for Uncollectible Taxes	(155,823)	-	(155,823)
Due from Other Governments	14,883,412	-	14,883,412
Internal Balances	(1,975)	1,975	-
Other Receivables, net	3,169,338	1,678	3,171,016
Inventories	180,366	322,956	503,322
Prepayments	455,862	2,035	457,897
Other Current Assets	2,940,000	-	2,940,000
Capital Assets:			
Land	38,734,684	-	38,734,684
Buildings, Net	499,668,162	-	499,668,162
Furniture and Equipment, Net	9,608,117	1,333,128	10,941,245
Construction in Progress	20,607,948	-	20,607,948
Other Assets	14,201	-	14,201
Total Assets	<u>938,521,667</u>	<u>3,767,702</u>	<u>942,289,369</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge for Refunding	11,586,235	-	11,586,235
Total Deferred Outflows of Resources	<u>11,586,235</u>	<u>-</u>	<u>11,586,235</u>
<b>LIABILITIES</b>			
Accounts Payable	6,044,609	51,486	6,096,095
Payroll Deductions & Withholdings	1,336,791	-	1,336,791
Accrued Wages Payable	21,380,777	44,706	21,425,483
Accrued Expenses	10,586,890	-	10,586,890
Unearned Revenue	436,901	345,477	782,378
Noncurrent Liabilities			
Due Within One Year	30,025,325	-	30,025,325
Due in More Than One Year	845,424,302	-	845,424,302
Total Liabilities	<u>915,235,595</u>	<u>441,669</u>	<u>915,677,264</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(59,743,833)	1,333,128	(58,410,705)
Restricted for:			
Restricted for Debt Service	56,166,524	-	56,166,524
Restricted for Campus Activities	1,038,867	-	1,038,867
Restricted (nonexpendable) for Corpus	1,000	-	1,000
Restricted (expendable) for Playground Equipment	13,201	-	13,201
Unrestricted	37,396,548	1,992,905	39,389,453
Total Net Position	<u>\$ 34,872,307</u>	<u>\$ 3,326,033</u>	<u>\$ 38,198,340</u>

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, 2014

Program Revenues

	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
Instruction	\$ 154,357,950	\$ 1,356,458	\$ 15,258,139
Instructional Resources and Media Services	4,226,963	-	323,799
Curriculum and Staff Development	4,082,091	-	1,098,947
Instructional Leadership	2,645,733	305,878	134,474
School Leadership	12,572,588	381,712	572,007
Guidance, Counseling and Evaluation Services	11,435,409	-	1,694,732
Social Work Services	790,420	-	165,120
Health Services	2,502,551	2,773,984	106,298
Student (Pupil) Transportation	5,340,406	-	2,295,774
Food Services	169,939	-	257,377
Extracurricular Activities	6,092,564	492,828	491,645
General Administration	5,736,385	637,367	589,583
Facilities Maintenance and Operations	22,806,826	3,216,099	148,202
Security and Monitoring Services	798,731	-	2,651
Data Processing Services	3,765,272	-	82,344
Community Services	841,290	392,872	185,821
Debt Service - Interest on Long Term Debt	27,146,045	-	-
Debt Service - Bond Issuance Cost and Fees	2,768,444	-	-
Payments related to Shared Services Arrangements	270,600	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	3,827	-	-
Other Intergovernmental Charges	1,217,561	-	-
Total Governmental Activities:	269,571,595	9,557,198	23,406,913
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Enterprise Fund - National School Breakfast&Lunch	9,227,871	3,235,045	5,704,292
Enterprise Funds - Stadium Concessions	58,672	65,419	-
Total Business-Type Activities:	9,286,543	3,300,464	5,704,292
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	\$ 278,858,138	\$ 12,857,662	\$ 29,111,205

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

State Aid - Formula Grants

Grants and Contributions not Restricted

Investment Earnings

Miscellaneous Local and Intermediate Revenue

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (137,743,353)	\$ -	\$ (137,743,353)
(3,903,164)	-	(3,903,164)
(2,983,144)	-	(2,983,144)
(2,205,381)	-	(2,205,381)
(11,618,869)	-	(11,618,869)
(9,740,677)	-	(9,740,677)
(625,300)	-	(625,300)
377,731	-	377,731
(3,044,632)	-	(3,044,632)
87,438	-	87,438
(5,108,091)	-	(5,108,091)
(4,509,435)	-	(4,509,435)
(19,442,525)	-	(19,442,525)
(796,080)	-	(796,080)
(3,682,928)	-	(3,682,928)
(262,597)	-	(262,597)
(27,146,045)	-	(27,146,045)
(2,768,444)	-	(2,768,444)
(270,600)	-	(270,600)
(3,827)	-	(3,827)
(1,217,561)	-	(1,217,561)
(236,607,484)	-	(236,607,484)
-	(288,534)	(288,534)
-	6,747	6,747
-	(281,787)	(281,787)
(236,607,484)	(281,787)	(236,889,271)
110,871,393	-	110,871,393
52,151,214	-	52,151,214
75,113,566	-	75,113,566
1,322,103	-	1,322,103
85,849	994	86,843
285,204	-	285,204
239,829,329	994	239,830,323
3,221,845	(280,793)	2,941,052
31,650,462	3,606,826	35,257,288
\$ 34,872,307	\$ 3,326,033	\$ 38,198,340

DENTON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Debt Service Fund	Capital Projects
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 82,278,630	\$ 55,995,035	\$ 194,776,516
Property Taxes - Delinquent	2,605,137	1,153,595	-
Allowance for Uncollectible Taxes (Credit)	(105,919)	(49,904)	-
Receivables from Other Governments	11,778,392	-	5,424
Due from Other Funds	2,211,008	-	-
Other Receivables	3,130,258	-	-
Inventories	167,388	-	-
Prepayments	353,528	-	3,000
Other Current Assets	-	12,600	2,940,000
Other Assets	-	-	-
<b>Total Assets</b>	<b>\$ 102,418,422</b>	<b>\$ 57,111,326</b>	<b>\$ 197,724,940</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,000,771	\$ 54,452	\$ 3,845,909
Payroll Deductions and Withholdings Payable	1,336,791	-	-
Accrued Wages Payable	20,376,628	-	-
Due to Other Funds	1,975	-	-
Unearned Revenues	-	-	-
<b>Total Liabilities</b>	<b>23,716,165</b>	<b>54,452</b>	<b>3,845,909</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	2,042,394	890,350	-
<b>Total Deferred Inflows of Resources</b>	<b>2,042,394</b>	<b>890,350</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
Inventories	167,388	-	-
Endowment Principal	-	-	-
Prepaid Items	353,528	-	-
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	-	-	190,484,770
Retirement of Long-Term Debt	-	56,166,524	-
Committed Fund Balance:			
Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	16,008,742	-	3,394,261
Unassigned Fund Balance	60,130,205	-	-
<b>Total Fund Balances</b>	<b>76,659,863</b>	<b>56,166,524</b>	<b>193,879,031</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 102,418,422</b>	<b>\$ 57,111,326</b>	<b>\$ 197,724,940</b>

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

Other Funds	Total Governmental Funds
\$ 1,607,910	\$ 334,658,091
-	3,758,732
-	(155,823)
3,099,596	14,883,412
-	2,211,008
24,336	3,154,594
6,928	174,316
82,359	438,887
-	2,952,600
14,201	14,201
<u>\$ 4,835,330</u>	<u>\$ 362,090,018</u>
\$ 130,215	\$ 6,031,347
-	1,336,791
1,004,138	21,380,766
2,211,008	2,212,983
436,901	436,901
<u>3,782,262</u>	<u>31,398,788</u>
-	2,932,744
<u>-</u>	<u>2,932,744</u>
-	167,388
1,000	1,000
-	353,528
-	190,484,770
-	56,166,524
1,038,867	1,038,867
13,201	19,416,204
-	60,130,205
<u>1,053,068</u>	<u>327,758,486</u>
<u>\$ 4,835,330</u>	<u>\$ 362,090,018</u>

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DENTON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2014

<b>Total Fund Balances - Governmental Funds</b>	\$	327,758,486
Assets and liabilities of the internal service funds are not included in the fund financial statements.		8,840,735
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.		801,280,332
Accumulated depreciation is not reported in the fund financial statements.		(232,661,421)
Bonds payable are not reported in the fund financial statements.		(790,107,283)
Bond premiums and discounts are not recognized in the fund financial statements.		(40,326,466)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(9,415,177)
Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		2,932,744
Accrued vacation benefits and special termination benefits have not been recorded in the fund financial statements.		(1,335,563)
Deferred charge on bond refundings is not recognized in the fund financial statements.		11,586,235
Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.		(43,680,315)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>34,872,307</b>

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

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Debt Service Fund	Capital Projects
<b>REVENUES:</b>			
Total Local and Intermediate Sources	\$ 115,629,615	\$ 52,142,334	\$ 20,422
State Program Revenues	85,232,880	-	-
Federal Program Revenues	3,720,537	-	-
Total Revenues	204,583,032	52,142,334	20,422
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Instruction	128,787,963	-	41,072
Instructional Resources and Media Services	3,616,459	-	3,275
Curriculum and Instructional Staff Development	2,795,523	-	-
Instructional Leadership	2,334,948	-	-
School Leadership	11,020,404	-	-
Guidance, Counseling and Evaluation Services	9,261,727	-	-
Social Work Services	566,882	-	-
Health Services	2,220,835	-	-
Student (Pupil) Transportation	4,754,779	-	-
Food Services	152,619	-	-
Extracurricular Activities	5,299,648	-	106,062
General Administration	5,174,528	-	-
Facilities Maintenance and Operations	20,449,889	-	-
Security and Monitoring Services	798,731	-	-
Data Processing Services	3,586,658	-	-
Community Services	612,623	-	-
<b>Debt Service:</b>			
Principal on Long Term Debt	-	21,316,366	-
Interest on Long Term Debt	-	25,049,036	-
Bond Issuance Cost and Fees	-	546,797	1,299,050
<b>Capital Outlay:</b>			
Facilities Acquisition and Construction	1,008,245	-	36,534,229
<b>Intergovernmental:</b>			
Payments to Fiscal Agent/Member Districts of SSA	270,600	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	3,827	-	-
Other Intergovernmental Charges	1,217,561	-	-
Total Expenditures	203,934,449	46,912,199	37,983,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	648,583	5,230,135	(37,963,266)
<b>OTHER FINANCING SOURCES (USES):</b>			
Capital Related Debt Issued (Regular Bonds)	-	-	188,430,000
Sale of Real and Personal Property	72,256	-	-
Transfers In	1,246,000	-	1,929,047
Premium or Discount on Issuance of Bonds	-	104,318	13,869,049
Transfers Out (Use)	(1,929,047)	-	-
Total Other Financing Sources (Uses)	(610,791)	104,318	204,228,096
<b>EXTRAORDINARY ITEMS:</b>			
Extraordinary Item - Insurance Proceeds	3,015,793	-	-
Extraordinary Item - Lawsuit Settlement	(39,121)	-	-
Net Change in Fund Balances	3,014,464	5,334,453	166,264,830
Fund Balance - July 1 (Beginning)	73,645,399	50,832,071	27,614,201
Fund Balance - June 30 (Ending)	\$ 76,659,863	\$ 56,166,524	\$ 193,879,031

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



	Other Funds	Total Governmental Funds
\$	2,571,413	\$ 170,363,784
	1,088,060	86,320,940
	9,318,947	13,039,484
	12,978,420	269,724,208
	9,331,309	138,160,344
	171,871	3,791,605
	1,010,142	3,805,665
	77,557	2,412,505
	164,087	11,184,491
	1,296,390	10,558,117
	134,968	701,850
	4,294	2,225,129
	119,112	4,873,891
	104,758	257,377
	284,963	5,690,673
	42,502	5,217,030
	8,346	20,458,235
	-	798,731
	263	3,586,921
	167,316	779,939
	-	21,316,366
	-	25,049,036
	-	1,845,847
	-	37,542,474
	-	270,600
	-	3,827
	-	1,217,561
	12,917,878	301,748,214
	60,542	(32,024,006)
	-	188,430,000
	-	72,256
	-	3,175,047
	-	13,973,367
	-	(1,929,047)
	-	203,721,623
	-	3,015,793
	-	(39,121)
	60,542	174,674,289
	992,526	153,084,197
\$	1,053,068	\$ 327,758,486

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, 2014

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>174,674,289</b>
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.		35,861,122
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.		(22,736,810)
Book value of capital assets retired during the year is not recorded in the fund financial statements but is shown as a reduction of capital assets in the government-wide financial statements.		(109,607)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(549,106)
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.		55,830
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.		1,757,507
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.		(3,305,410)
The net 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.		(538,276)
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.		21,316,366
The premium on the current year issuances of bonds is recorded as an other resource in the fund financial statements, but is capitalized in the government-wide financial statements.		(13,973,367)
Current year net decreases in accrued vacation benefit obligations and special termination benefit obligations are shown as expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		121,904

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, 2014

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Current year issuances of bonds are shown as other resources in the fund financial statements but are shown as increases in long-term debt in the government-wide financial statements.	(188,430,000)
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Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(922,597)
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<b>Change in Net Position of Governmental Activities</b>	<u>\$ 3,221,845</u>
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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, 2014

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,105,930	\$ 10,000,552
Due from Other Funds	1,975	-
Other Receivables	1,678	14,744
Inventories	322,956	6,050
Prepayments	2,035	4,375
Total Current Assets	2,434,574	10,025,721
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	3,968,426	8,756
Depreciation on Furniture and Equipment	(2,635,298)	(4,086)
Total Noncurrent Assets	1,333,128	4,670
Total Assets	3,767,702	10,030,391
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	51,486	13,262
Accrued Wages Payable	44,706	11
Accrued Expenses	-	1,171,713
Unearned Revenues	345,477	-
Total Liabilities	441,669	1,184,986
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,333,128	4,670
Unrestricted Net Position	1,992,905	8,840,735
Total Net Position	\$ 3,326,033	\$ 8,845,405

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, 2014

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>OPERATING REVENUES:</b>		
Local and Intermediate Sources	\$ 3,241,126	\$ 1,576,643
State Program Revenues	59,338	-
Total Operating Revenues	<u>3,300,464</u>	<u>1,576,643</u>
<b>OPERATING EXPENSES:</b>		
Payroll Costs	3,653,228	323,582
Professional and Contracted Services	123,097	214,896
Supplies and Materials	5,117,010	124,115
Other Operating Costs	40,778	209,857
Depreciation Expense	352,430	1,751
Total Operating Expenses	<u>9,286,543</u>	<u>874,201</u>
Operating Income (Loss)	<u>(5,986,079)</u>	<u>702,442</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
National School Breakfast Program	1,126,851	-
National School Lunch Program	4,121,709	-
Donated Commodities (USDA)	455,732	-
Earnings from Temporary Deposits & Investments	994	2,681
(Loss) on Sale of Real and Personal Property	-	851
Total Nonoperating Revenues (Expenses)	<u>5,705,286</u>	<u>3,532</u>
Income (Loss) Before Transfers	<u>(280,793)</u>	<u>705,974</u>
Transfers Out	-	(1,246,000)
Change in Net Position	<u>(280,793)</u>	<u>(540,026)</u>
Total Net Position - July 1 (Beginning)	<u>3,606,826</u>	<u>9,385,431</u>
Total Net Position - June 30 (Ending)	<u>\$ 3,326,033</u>	<u>\$ 8,845,405</u>

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

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT D-3 (Cont'd)

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 958,145
Cash Received from Charges and Fees	3,354,142	404,529
Cash Received from Employees	-	325,926
Cash Payments for Payroll Costs	(3,793,190)	(324,353)
Cash Payments for Purchased Services	(123,097)	(226,594)
Cash Payments for Supplies and Materials	(5,022,425)	(131,142)
Cash Payments for Other Expenses	(40,778)	(212,188)
Cash Payments for Claims	-	(513,061)
Net Cash Provided by (Used for) Operating Activities	(5,625,348)	281,262
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Cash Received from Federal Programs	5,248,560	-
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Acquisition of Capital Assets	(88,634)	-
Sale of Real & Personal Property	-	851
Transfers Out	-	(1,246,000)
Net Cash Provided by (Used for) Capital & Related Financing Activities	(88,634)	(1,245,149)
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	994	2,681
Net Decrease in Cash and Cash Equivalents	(464,428)	(961,206)
Cash and Cash Equivalents at Beginning of Year	2,570,358	10,961,758
Cash and Cash Equivalents at End of Year	\$ 2,105,930	\$ 10,000,552

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, 2014

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (5,986,079)	\$ 702,442
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	352,430	1,750
Commodities	455,732	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Gov.	500	-
Decrease (increase) in Receivables	3,553	111,957
Decrease (increase) in Inventories	(48,556)	(2,626)
Decrease (increase) in Prepayments	(2,035)	-
Increase (decrease) in Accounts Payable	(310,556)	(36,047)
Increase (decrease) in Accrued Wages Payable	221	(770)
Increase (decrease) in Due to/from Other Funds	(140,183)	-
Increase (decrease) in Unearned Revenues	49,625	-
Increase (decrease) in Accrued Expenses	-	(495,444)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (5,625,348)</u>	<u>\$ 281,262</u>

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

DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2014

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	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,113,419
Other Receivables	189
<b>Total Assets</b>	<u><u>\$ 1,113,608</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,582
Accrued Wages Payable	200
Due to Student Groups	1,109,826
<b>Total Liabilities</b>	<u><u>\$ 1,113,608</u></u>

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



DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

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

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

**A. REPORTING ENTITY**

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

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

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

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

**B. BASIS OF PRESENTATION**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements, except that interfund services provided and used are not eliminated in the process of consolidation. 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.

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Fund Financial Statements:

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

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

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

Additionally, the District reports the following fund types:

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

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4. **Permanent Fund** - The District utilizes a permanent fund to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes to support the District's programs. The District uses this fund to account for the Lewis Price Memorial Fund, the earnings on which are to be used for playground equipment.
5. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

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

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

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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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. 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. At June 30, 2014 the District had the following encumbrances as significant commitments for which resources had not already been restricted, committed or assigned.

General Fund	\$ 28,157
Capital Projects Fund	5,948,927
Child Nutrition Fund	<u>164,458</u>
Total	<u>\$6,141,542</u>

**E. CASH AND CASH EQUIVALENTS**

The cash portion of this caption in the accompanying fund financial statements is comprised of demand accounts, imprest funds and money market savings accounts. The District maintains a demand account on an imprest basis through which most obligations are paid. Checking account balances for most government fund expenditures are pooled into one demand account.

The cash equivalents portion of this caption is comprised of investments in state investment pools. All daily receipts are deposited to demand accounts until the funds are invested under the terms of the District's depository contract.

All District's deposits and investments, other than the state investment pool, are legally insured by the Federal Deposit Insurance Corporation and additionally protected by appropriate pledges of securities issued by the State of Texas, other Texas municipalities or the Federal government.

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The District has no investments at year-end that require adjustment to fair value.

**F. PREPAID ITEMS**

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and prepaid items are shown as nonspendable fund balance to signify that they are not available for other subsequent expenditures. Prepaid balances are reported using the consumption method, in which the prepaid item is recorded as an asset when paid and is charged to expenditure or expense each fiscal year in an amount equal to the related benefits received that year.

**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.

The amount of unused commodities at balance sheet date is also reported as inventory and unearned revenue. Commodities on hand at June 30, 2014 totaled \$217,873.

**H. INTERFUND RECEIVABLES AND PAYABLES**

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

- (A) Inventory is maintained in the General Fund but available for consumption by all funds on a cost reimbursement basis, and
- (B) Short-term interfund loans, due to the fact that checking account balances for most governmental funds are pooled into one demand account.

**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 their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 Years
Furniture and Equipment	5-10 Years

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**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 outflows of resources 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. FINANCIAL REPORTING MODEL**

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

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

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As a result, the financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. The government-wide financial statements split the District programs between governmental and business-type activities.

**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 2014, 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. ADOPTION OF NEW ACCOUNTING STANDARDS**

The District implemented GASB Statement Numbers 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2013. These two statements:

- Defined transactions that result in the consumption of net assets in one period that are applicable to a future period as “deferred outflows of resources.”
- Defined transactions that result in the acquisition of net assets in one period that are applicable to a future period as “deferred inflows of resources.”
- Defined the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources as “net position.”
- Required certain items previously reported as assets and liabilities that meet the definition of deferred outflows or inflows of resources to be retroactively reclassified in the Statements of Net Position and Balance Sheets, if practical, for all prior periods presented.

The effects of these two changes in accounting principle on the District’s financial statements are

- Governmental fund financial statements
  - Record property taxes uncollected within 60 days of the fiscal year-end, and therefore unavailable, as deferred inflows of resources in the governmental fund financial statements.
- Government-wide financial statements
  - Record bond issuance costs to expense of the period in which they are incurred.
  - For refunded debt, record the difference between the reacquisition price and the net carrying amount of the refunded debt as a deferred resource outflow or inflow, as appropriate, and amortize the balance as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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**NOTE 3. 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, 2014 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees may assign amounts for specific purposes but it has also delegated authority to assign fund balance to the Superintendent and the Assistant Superintendent of Administrative Services. The Superintendent and the Assistant Superintendent of Administrative Services have assigned fund balance of the General Fund as of June 30, 2014 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.



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

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

**General Fund**

The General Fund has unassigned fund balance of \$60,130,205 at June 30, 2014. Deferred expenditures (prepaid items) of \$353,528 and inventories of \$167,388 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2014:

2014-2015 deficit budget	\$ 4,697,211
Extended School Day program	1,902,923
Non-bond new campus startup	251,544
Staffing phase-in for new campuses	1,500,000
Per pupil campus allotment	1,380,087
Local grant funds	570,373
Career and Technology program	378,334
Bilingual program	11,379
Secondary curriculum	167,236
Fine Arts program	54,953
Major maintenance projects	3,751,017
Technology	1,295,897
Other equipment	<u>47,788</u>
	<u>\$16,008,742</u>

**Other Major Funds**

The Debt Service Fund has restricted funds of \$56,166,524 at June 30, 2014 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$190,484,770 at June 30, 2014 consisting primarily of unspent bond funds and \$3,394,261 of non-bond funds assigned for future capital replacement projects.

**Other Funds**

The fund balance of \$1,038,867 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The Lewis Trust Memorial Fund permanent endowment fund principal of \$1,000 is shown as nonspendable at June 30, 2014, while the accumulated unspent earnings of \$13,201 are shown as assigned fund balance.

**NOTE 4. 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.

DENTON INDEPENDENT SCHOOL DISTRICT  
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1. Cash Deposits:

At June 30, 2014, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$8,944,165 and the bank balance was \$10,163,427. The District's cash deposits at June 30, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

A reconciliation of cash and cash equivalents to the financial statements is as follows:

Petty cash	\$	575
Checking accounts and interest-bearing savings accounts		8,944,165
Investment pools		<u>338,947,453</u>
Total		<u>\$347,892,193</u>
Governmental funds		\$334,658,091
Enterprise funds		2,105,930
Internal service funds		10,000,552
Fiduciary funds		1,113,419
Permanent fund		<u>14,201</u>
Total		<u>\$347,892,193</u>

2. Investments:

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

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2014, the District's cash balances totaled \$10,163,427. This entire amount was either secured by a letter of credit held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2014, the District held all of its investments in three public funds investment pools (TexPool, Lone Star and TexStar). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

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- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investors Service. The District's policy manages credit risk by authorizing only the safest types of investments backed by the federal or state government or their obligations and/or with ratings from nationally recognized rating firms of at least A or its equivalent. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool and TexStar at year-end was AAAm (Standard & Poor's), and the credit quality rating for Lone Star was AAAf (Standard & Poor's).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, TexStar, and Lone Star investments is less than 60 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2014, 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, 2014, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool	\$140,317,828	\$140,317,828
TexStar	121,569,833	121,569,833
Lone Star	<u>77,059,792</u>	<u>77,059,792</u>
Total	<u>\$338,947,453</u>	<u>\$338,947,453</u>

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**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance July 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance June 30</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 31,402,948	\$ 7,331,736	\$ -	\$ 38,734,684
Construction in Progress	42,643,525	18,870,083	(40,905,660)	20,607,948
Total capital assets, not being depreciated	<u>74,046,473</u>	<u>26,201,819</u>	<u>(40,905,660)</u>	<u>59,342,632</u>
Capital assets, being depreciated:				
Buildings and Improvements	652,763,931	48,330,177	(462,413)	700,631,695
Furniture and Equipment	39,079,981	2,234,786	(8,762)	41,306,005
Total capital assets, being depreciated	<u>691,843,912</u>	<u>50,564,963</u>	<u>(471,175)</u>	<u>741,937,700</u>
Less accumulated depreciation for:				
Buildings and Improvements	(181,357,453)	(19,958,886)	352,806	(200,963,533)
Furniture and Equipment	(28,928,726)	(2,777,924)	8,762	(31,697,888)
Total accumulated depreciation	<u>(210,286,179)</u>	<u>(22,736,810)</u>	<u>361,568</u>	<u>(232,661,421)</u>
Total capital assets being depreciated, net	<u>481,557,733</u>	<u>27,828,153</u>	<u>(109,607)</u>	<u>509,276,279</u>
Governmental activities capital assets, net	<u>\$ 555,604,206</u>	<u>\$ 54,029,972</u>	<u>\$ (41,015,267)</u>	<u>\$ 568,618,911</u>
<b>Business-type activities:</b>				
Furniture and Equipment	\$ 3,879,792	\$ 88,634	\$ -	\$ 3,968,426
Totals at historic cost	<u>3,879,792</u>	<u>88,634</u>	<u>-</u>	<u>3,968,426</u>
Less accumulated depreciation for:				
Furniture and Equipment	(2,282,868)	(352,430)	-	(2,635,298)
Total accumulated depreciation	<u>(2,282,868)</u>	<u>(352,430)</u>	<u>-</u>	<u>(2,635,298)</u>
Business-type activities capital assets net	<u>\$ 1,596,924</u>	<u>\$ (263,796)</u>	<u>\$ -</u>	<u>\$ 1,333,128</u>

Construction in progress includes the following construction contract in progress as of June 30, 2014:

<u>Project</u>	<u>Estimated Cost to Complete</u>	<u>Expended to Date</u>	<u>Balance to Complete</u>
Elementary School Construction	<u>\$17,243,434</u>	<u>\$15,536,177</u>	<u>\$1,707,257</u>

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

Governmental activities:	
Instruction	\$16,765,668
Instructional Resources & Media Services	435,358
Curriculum & Instructional Staff Development	276,426
Instructional Leadership	233,228
School Leadership	1,388,097
Guidance, Counseling & Evaluation Services	897,732
Social Work Services	88,570
Health Services	277,422
Student (Pupil) Transportation	526,777
Cocurricular/Extracurricular Activities	401,891
General Administration	505,540
Plant Maintenance and Operations	591,792
Data Processing Services	286,958
Community Services	<u>61,351</u>
Total depreciation expense-Governmental activities	<u>\$22,736,810</u>
Business-type activities:	
Food Services	\$ 352,430
Stadium Concessions	<u>-</u>
Total depreciation expense Business-type activities	<u>\$ 352,430</u>

**NOTE 6. LONG-TERM DEBT**

Long-term debt includes twenty-two series of general obligation bonds, accreted interest on capital appreciation bonds, compensated absences, premiums on issuance of debt, 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, 2014:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/13	Additions	Refunded/ Retired	Amounts Outstanding 6/30/14	Due Within One Year
<b>Bonded Indebtedness:</b>							
1998 Bldg/Refunding	4.20-5.50%	28,900,000	\$ 1,080,000	\$ -	\$ 1,080,000	\$ -	\$ -
2001 Bldg/Refunding	3.64-4.40%	60,920,000	18,430,000	-	-	18,430,000	-
2002 Bldg/Ref CAB	3.58-5.88%	69,195,675	11,013,719	-	3,368,341	7,645,378	3,166,105
2004 Bldg/Refunding	2.58-5.00%	84,070,000	4,490,000	-	2,020,000	2,470,000	2,120,000
2005A Building	Variable	46,500,000	46,500,000	-	-	46,500,000	-
2005B Bldg/Refunding	3.00-5.00%	13,315,000	7,755,000	-	2,460,000	5,295,000	2,585,000
2005B Bldg/Ref CAB	3.45-4.13%	4,045,445	1,496,224	-	768,025	728,199	728,199
2005C Refunding	3.00-5.00%	50,240,000	10,645,000	-	4,610,000	6,035,000	6,035,000
2006 Refunding CAB	4.81-5.22%	62,670,339	62,670,339	-	-	62,670,339	-
2006A Building	4.25-5.00%	21,580,000	20,230,000	-	570,000	19,660,000	590,000
2006B Building	Variable	30,000,000	30,000,000	-	-	30,000,000	-
2007 Building	4.00-5.00%	39,365,000	31,815,000	-	755,000	31,060,000	785,000
2008 Building	3.375-5.0%	158,215,000	156,700,000	-	1,885,000	154,815,000	1,975,000
2009 Refunding	4.00-5.25%	31,875,000	31,875,000	-	-	31,875,000	-
2011 Refunding	2.00-5.00%	24,325,000	23,450,000	-	2,135,000	21,315,000	2,185,000
2012A Building	Variable	40,000,000	40,000,000	-	-	40,000,000	-
2012B Refunding	2.00-5.00%	57,210,000	56,280,000	-	-	56,280,000	-
2012B Refunding CAB	0.85%	3,658,367	3,658,367	-	-	3,658,367	-
2012C Refunding	2.00-2.50%	24,875,000	24,875,000	-	840,000	24,035,000	170,000
2012D Refunding	2.00-5.00%	40,030,000	40,030,000	-	825,000	39,205,000	-
2013 Building	2.00%	44,300,000	-	44,300,000	-	44,300,000	4,485,000
2014A Building	1.25-5.00%	75,055,000	-	75,055,000	-	75,055,000	-
2014B Building	2.00%	69,075,000	-	69,075,000	-	69,075,000	-
<b>Total Bonded Indebtedness</b>			<u>622,993,649</u>	<u>188,430,000</u>	<u>21,316,366</u>	<u>790,107,283</u>	<u>24,824,304</u>
Accreted Interest	4.10-5.20%		40,374,905	5,674,044	2,368,634	43,680,315	2,610,696
Premiums on Bond Issuance			28,110,606	13,973,367	1,757,507	40,326,466	2,294,455
Accrued Vacation Benefits			1,208,313	182,495	219,826	1,170,982	219,826
Special Termination Benefits			249,154	23,878	108,451	164,581	76,044
<b>Total Other Obligations</b>			<u>69,942,978</u>	<u>19,853,784</u>	<u>4,454,418</u>	<u>85,342,344</u>	<u>5,201,021</u>
<b>Total Obligations of District</b>			<u>\$692,936,627</u>	<u>\$208,283,784</u>	<u>\$25,770,784</u>	<u>\$875,449,627</u>	<u>\$30,025,325</u>

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

Accrued vacation benefits and special termination benefits have typically been liquidated with general fund revenues in prior years.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2014.

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Interest Rate Swap Agreements

*2005 Swap Agreements*

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

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

As of June 30, 2014, the debt service requirements of the Series 2005-A Bonds were as follows. As interest rates change in the future, the differences between the floating rates payable to the District under the 2005 Swap Agreements and the actual interest rates payable by the District on the Series 2005-A Bonds will vary.

Year Ended			Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ -	\$ 2,032,050	\$ 2,032,050
2016	-	2,032,050	2,032,050
2017	1,760,000	1,993,594	3,753,594
2018	1,840,000	1,914,934	3,753,594
2019	1,890,000	1,833,433	3,723,433
2020-2024	9,810,000	7,893,750	17,703,750
2025-2029	11,370,000	5,609,550	16,979,550
2030-2034	13,590,000	2,894,907	16,484,907
2035-2036	<u>6,240,000</u>	<u>275,747</u>	<u>6,515,747</u>
<b>Totals</b>	<b><u>\$ 46,500,000</u></b>	<b><u>\$ 26,480,015</u></b>	<b><u>\$ 72,980,015</u></b>

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

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*2006 Swap Agreement*

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

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

As of June 30, 2014, the debt service requirements of the Series 2006-B Bonds were as follows. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006-B Bonds will vary.

Year Ended	Total		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ -	\$ 1,571,100	\$ 1,571,100
2016	-	1,571,100	1,571,100
2017	-	1,571,100	1,571,100
2018	-	1,571,100	1,571,100
2019	-	1,571,100	1,571,100
2020-2024	860,000	7,832,980	8,692,980
2025-2029	5,210,000	6,971,233	12,181,233
2030-2034	6,410,000	5,455,383	11,865,383
2035-2036	<u>17,520,000</u>	<u>926,949</u>	<u>18,446,949</u>
<b>Totals</b>	<b><u>\$ 30,000,000</u></b>	<b><u>\$ 29,042,045</u></b>	<b><u>\$ 59,042,045</u></b>

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

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

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



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As of June 30, 2014, the District was not exposed to credit risk with JPMCB and UBS on the 2005 Swap Agreements as such agreements had a negative fair value of \$8,280,392. The District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement as such agreement had a negative fair value of \$6,870,181. Collectively, as of June 30, 2014, the Swap Agreements had a net negative fair value of \$15,150,573.

As of June 30, 2014, JPMCB was rated "Aa1," "AA-" and "AA-" by Moody's Investors Service ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings ("Fitch"), respectively, while UBS was rated "Aa3," "A+" and "A+" by Moody's, S&P and Fitch, respectively.

The Swap Agreements are subject to mandatory redemption in the event of default or as follows:

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

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

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

**NOTE 7. DEBT SERVICE REQUIREMENTS - BONDS**

Debt service requirements to maturity are as follows (excluding maturities on the 2005-A issue and 2006-B issue, which are reflected in Note 6 above):

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 24,824,304	\$ 25,802,320	\$ 50,626,624
2016	21,734,487	27,248,255	48,982,742
2017	19,909,508	29,494,091	49,403,599
2018	21,233,645	29,165,672	50,399,317
2019	22,790,279	25,496,995	48,287,274
2020-2024	116,033,031	135,798,670	251,831,701
2025-2029	112,644,660	136,266,580	248,911,240
2030-2034	147,632,369	101,005,456	248,637,825
2035-2039	120,515,000	35,870,825	156,385,825
2040-2044	90,440,000	12,076,600	102,516,600
2045	<u>15,850,000</u>	<u>317,000</u>	<u>16,167,000</u>
	<u>\$713,607,283</u>	<u>\$558,542,464</u>	<u>\$1,272,149,747</u>

**NOTE 8. DEFEASED BONDS OUTSTANDING**

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

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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, 2014, \$103,100,000 of bonds outstanding are considered defeased.

**NOTE 9. SPECIAL TERMINATION BENEFITS**

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

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

From 1999 through 2013, 118 employees elected participation in the program. The District's liability for these special termination benefits is considered a long-term liability and is recorded in the Statement of Net Position at the present value at June 30, 2014 of all future periodic payments to be made to the 7 former employees currently in the program.

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

Year Ended	Total
<u>June 30</u>	<u>Payments</u>
2015	\$ 42,528
2016	38,544
2017	12,140
2018	<u>6,121</u>
Total	<u>\$ 99,333</u>
Present Value	<u>\$ 97,548</u>

**NOTE 10. 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, 2013	\$1,208,313
Additions – New Entrants and Salary Increments	182,495
Deductions – Payments to Participants	<u>(218,926)</u>
Balance, June 30, 2014	<u>\$1,170,982</u>

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

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**NOTE 11. 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 \$1,217,561 in fiscal year 2014 for appraising property.

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. The appraisal and recording of all property within the District is the responsibility of the Denton Central Appraisal District (DCAD), an independent government unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. DCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the DCAD Review Board through various appeals and, if necessary, legal action. 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 2013-14 fiscal year was based was \$10,594,446,862. 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, 2014, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.49 per \$100 valuation, respectively, for a total of \$1.53 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2014 were 99.00% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2014, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,042,394 and \$890,350 for the General and Debt Service Funds, respectively.

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

**NOTE 12. PROPRIETARY FUND NONCASH ACTIVITIES**

The following noncash investing or financing activity occurred in the National Breakfast and Lunch Program enterprise fund during the year ended June 30, 2014:

Receipt and use of donated USDA commodities	<u>\$455,732</u>
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**NOTE 13. PENSION PLAN OBLIGATIONS**

Plan Description - The District contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 233-8778.

A member is eligible to retire and receive normal retirement benefits on or after age 50 with 30 years of credited service, or at or after age 60 with 20 years of credited service, or at or after age 65 with 5 years of credited service. The normal retirement benefit is payable monthly for life, and is equal to 2 percent of their final-average salary for each year of credited service. A member is eligible to retire and receive reduced retirement benefits after reaching the age of 55 with 5 years of service, or at any age with 30 years of service. A member is fully vested after 5 years of creditable service and entitled to any benefit for which eligibility requirements have been met.

Funding Policy - Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.8% of the District's covered payroll for fiscal year 2014 (6.4% in fiscal year 2013 and 6.0% in fiscal year 2012). In certain instances the District is required to make all or a portion of the state's 6.8% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's 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. The District's employees' contributions to the System for the years ending June 30, 2012, 2013, and 2014 were \$9,112,417, \$9,445,155 and \$10,035,911, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending June 30, 2012, 2013, and 2014 were \$2,160,002, \$2,447,811 and \$2,736,841, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended June 30, 2012, 2013, and 2014 were \$7,061,497, \$7,048,116 and \$7,316,046, respectively, and are reflected in the financial statements in the General Fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the separately issued Teacher Retirement System of Texas Comprehensive Annual Financial Statements.

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FOR THE YEAR ENDED JUNE 30, 2014

**NOTE 14. SCHOOL DISTRICT RETIREE HEALTH PLAN**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2013 and 2012. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2014, 2013, and 2012, the State's contributions to the TRS-Care were \$1,003,591, \$540,787, and \$1,024,239, respectively, the active member contributions were \$652,334, \$351,610, and \$665,755, respectively, and the school district's contribution were \$551,975, \$297,515, and \$563,331, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2014, the contribution made on behalf of the District was \$436,380.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

**NOTE 15. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2014, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund:		
Head Start	\$ 241,041	\$ -
ESEA Title I	769,009	-
IDEA-B Formula	766,545	-
IDEA-B Preschool	11,833	-
Summer Feeding Program	62,065	-
ESEA II Training and Recruiting	97,370	-
English Language Acquisition	41,619	-
Title IV, B Community Learning	31,570	-
Medicaid Admin Claim MAC	32,046	-
SSA Adult Basic Education	14,710	-
SSA TANF Family Assistance	1,759	-
SSA IDEA-B Deaf	4,561	-
SSA IDEA-B Discretionary	2,984	-
SSA Career and Technical	25,620	-
CTE Certification	844	-
SSA ABE Technology	33,511	-
SSA Regional Day School-Deaf	61,922	-
Deaf Educ Management Board	11,999	-
Enterprise Fund	-	1,975
Special Revenue Fund:		
General Fund	-	2,211,008
Enterprise Fund:		
General Fund	<u>1,975</u>	<u>-</u>
TOTAL	<u>\$2,212,983</u>	<u>\$2,212,983</u>

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

Interfunds transfers for the year ended June 30, 2014 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	\$1,929,047	\$ -
Internal Service Fund	-	1,246,000
Internal Service Fund:		
General Fund	1,246,000	-
Capital Projects Fund:		
General Fund	<u>-</u>	<u>1,929,047</u>
TOTAL	<u>\$3,175,047</u>	<u>\$3,175,047</u>

The purpose of the \$1,929,047 transfer was to transfer local funds from the general fund to the capital projects fund to set them aside for future capital replacements needs. The purpose of the \$1,246,000 transfers was to transfer excess funds from the workers compensation and health insurance trust internal service funds to the general fund.

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014

**NOTE 16. HEALTH CARE**

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

Effective January 1, 2012, the District changed to the State-sponsored TRS Active-Care health insurance plan. During the year ended June 30, 2014, the District contributed \$235 monthly to the TRS Active Care plan. Employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents.

**NOTE 17. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2014, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	\$2,605,137	\$11,778,392	\$2,211,008	\$ -	\$16,594,537
Debt Service Fund	1,153,595	-	-	-	1,153,595
Capital Projects Fund	-	5,424	-	-	5,424
Special Revenue Fund	-	3,099,596	-	24,336	3,123,932
<b>Total - Governmental Activities</b>	<b><u>\$3,758,732</u></b>	<b><u>\$14,883,412</u></b>	<b><u>\$2,211,008</u></b>	<b><u>\$ 24,336</u></b>	<b><u>\$20,877,488</u></b>
Amounts not scheduled for collection during the subsequent year	\$ 155,823	\$ -	\$ -	\$ -	\$ 155,823
<b>Business-type Activities:</b>					
Enterprise Fund	\$ -	\$ -	\$ 1,975	\$ 1,678	\$ 3,653
Internal Service Fund	-	-	-	14,744	14,744
<b>Total Business-type Activities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,975</u></b>	<b><u>\$ 16,422</u></b>	<b><u>\$ 18,397</u></b>

Payables at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Other</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>					
General Fund	\$ 2,000,771	\$21,713,419	\$ 1,975	\$ -	\$23,716,165
Debt Service Fund	54,452	-	-	-	54,452
Capital Projects Fund	3,845,909	-	-	-	3,845,909
Special Revenue Funds	130,214	1,004,318	2,211,008	-	3,345,540
<b>Total-Governmental Activities</b>	<b><u>\$ 6,031,346</u></b>	<b><u>\$22,717,737</u></b>	<b><u>\$2,212,983</u></b>	<b><u>\$ -</u></b>	<b><u>\$30,962,066</u></b>
Amounts not scheduled for payment during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Business-type Activities:</b>					
Enterprise Fund	\$ 51,486	\$ 44,706	\$ -	\$ -	\$ 96,192
Internal Service Fund	13,262	11	-	1,171,713	1,184,986
<b>Total Business-type Activities</b>	<b><u>\$ 64,748</u></b>	<b><u>\$ 44,717</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,171,713</u></b>	<b><u>\$ 1,281,178</u></b>

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014

**NOTE 18. SELF-INSURED WORKERS' COMPENSATION**

During the year ended August 31, 1992, the District established a workers compensation self-insurance fund for District employees to minimize the total cost of workers compensation to the District. All premiums were paid to a third party administrator acting on behalf of a self-funded pool. Like the health care self-insurance fund, the District has retained the risk of loss, and thus uses an Internal Service Fund to account for the activity. The District records activities of the plan in accordance with governmental accounting standards. These costs are reported as interfund services provided and used to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. Additional payments, if any, to the self-insurance funds are treated as an equity transfer. Advanced Risk Management Techniques, Inc., through an actuarial review of the self-insurance program, projected an estimated outstanding loss of \$1,171,713 as of June 30, 2014. Claims administration is provided by TASB.

This estimated outstanding loss is the actuarially-estimated cost of unpaid claims, including case reserves, the development of known claims, incurred but not reported claims, and allocated loss adjustment expenses. It represents the discounted present value of estimated future cash payments, less anticipated investment income, required to meet unpaid claims. It was calculated based on a 5% yield on investments.

The accrued liability for Workers' Compensation self-insurance of \$1,171,713 includes incurred but not reported claims. This liability reported in the fund at June 30, 2014, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is a probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the present value of the estimate of the actuary. Aggregate stop-loss coverage for 2014 was \$500,000.

Changes in the workers' compensation claims liability amounts in fiscal 2013 and 2014 are represented below:

	<u>Year Ended June 30, 2013</u>	<u>Year Ended June 30, 2014</u>
Unpaid claims, beginning of year	\$1,930,091	\$1,667,157
Incurred claims (including IBNR'S)	163,331	17,617
Claim payments	<u>426,265</u>	<u>513,061</u>
Unpaid claims, end of fiscal year	<u>\$1,667,157</u>	<u>\$1,171,713</u>

The amount of claims and judgments due within one year is estimated to be \$500,000.

**NOTE 19. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2014, 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.



DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014

Fund	State Grants & Entitlements	Federal Grants	Local Governments	Total
General	\$11,669,366	\$ 84,623	\$ 24,403	\$11,778,392
Capital Projects	-	-	5,424	5,424
Special Revenue	<u>155,892</u>	<u>2,943,704</u>	<u>-</u>	<u>3,099,596</u>
Total	<u>\$11,825,258</u>	<u>\$3,028,327</u>	<u>\$ 29,827</u>	<u>\$14,883,412</u>

**NOTE 20. 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, 2014, the estimated rebate liability on outstanding bond series was \$51,615.

**NOTE 21. 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, 2014

**NOTE 22. 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	\$110,309,044	\$ -	\$51,954,519	\$ -	\$162,263,563
Investment Income	46,268	-	16,478	20,422	83,168
Penalties, interest and other tax related income	536,949	-	171,337	-	708,286
Co-curricular student activities	492,828	1,504,339	-	-	1,997,167
Tuition and fees	2,436,920	771,412	-	-	3,208,332
Gifts and bequests	1,322,103	285,077	-	-	1,607,180
Facilities rentals	184,496	-	-	-	184,496
Insurance recovery	15,810	-	-	-	15,810
Other	285,197	10,578	-	-	295,775
<b>Total</b>	<u>\$115,629,615</u>	<u>\$2,571,406</u>	<u>\$52,142,334</u>	<u>\$ 20,422</u>	<u>\$170,363,777</u>

**NOTE 23. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

	Special Revenue Fund	Enterprise Fund	Total
Lunchroom receipts	\$ -	\$127,604	\$ 127,604
Food Commodities	-	217,873	217,873
State Textbook Fund	136,459	-	136,459
Summer Feeding Program	2,095	-	2,095
Summer School LEP	40,544	-	40,544
Read to Succeed	732	-	732
Advanced Placement Incentives	87,314	-	87,314
Deaf Ed Mgmt Board	169,757	-	169,757
	<u>\$436,901</u>	<u>\$345,477</u>	<u>\$782,378</u>

**NOTE 24. COMMITMENTS UNDER LEASES**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2014, as follows:

Year Ending <u>June 30,</u>	
2015	\$ 325,076
2016	295,568
2017	295,568
2018	98,523
Total Minimum Rentals	<u>\$1,014,735</u>
Rental Expenditures in Fiscal Year 2014	<u>\$ 242,225</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014

**NOTE 25. GENERAL FUND FEDERAL SOURCE REVENUES**

<u>Program or Source</u>	<u>Total Grant or Entitlement</u>
General Fund:	
Medicaid Reimbursement	\$2,773,984
Junior ROTC	200,284
Indirect Costs	637,367
i3 Grant	10,603
Federal Excise Tax Rebate	<u>98,299</u>
Total for General Fund	<u>\$3,720,537</u>

**NOTE 26. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in no functional category for the year ended June 30, 2014.

**NOTE 27. 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, 2014, the District contributed \$3,827 to the fiscal agent as its share of the costs of the joint venture. Separate financial statements of the shared services arrangement for juvenile justice alternative education services are not available.

**NOTE 28. EXPENDITURES BY CHARACTER**

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. The Financial Accounting System Resource Guide of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. The prescribed format of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds, requires expenditures to be classified by function, meaning capital outlay directly associated with a particular function is charged to that function.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

Expenditures by fund and character are as follows:

	Governmental Fund Types				Total (Memorandum Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
Current	\$203,473,812	\$12,900,710	\$ -	\$ 2,342,802	\$218,717,324
Capital Outlay	460,637	17,168	-	35,640,886	36,118,691
Debt Service:					
Principal	-	-	21,316,366	-	21,316,366
Interest and Fiscal Charges	-	-	25,595,833	-	25,595,833
<b>Total Expenditures</b>	<u>\$203,934,449</u>	<u>\$12,917,878</u>	<u>\$46,912,199</u>	<u>\$37,983,688</u>	<u>\$301,748,214</u>

**NOTE 29. EXTRAORDINARY ITEM - LAWSUIT SETTLEMENT**

The amount shown in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance as an extraordinary item represents proceeds paid toward settlement of a lawsuit related to the needs of a special education student.

**NOTE 30. SUBSEQUENT EVENT**

Management has reviewed events subsequent to June 30, 2014 through November 11, 2014, 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.

REQUIRED SUPPLEMENTARY INFORMATION

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DENTON INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ 111,761,307	\$ 115,421,401	\$ 115,629,615	\$ 208,214
State Program Revenues	89,062,475	84,899,990	85,232,880	332,890
Federal Program Revenues	2,260,000	3,252,683	3,720,537	467,854
Total Revenues	203,083,782	203,574,075	204,583,032	1,008,957
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	134,693,367	133,499,678	128,787,963	4,711,715
Instructional Resources and Media Services	3,546,827	3,734,351	3,616,459	117,892
Curriculum and Instructional Staff Development	2,786,497	3,159,801	2,795,523	364,278
Instructional Leadership	2,768,400	2,541,908	2,334,948	206,960
School Leadership	10,361,193	11,335,692	11,020,404	315,288
Guidance, Counseling and Evaluation Services	8,930,052	9,563,277	9,261,727	301,550
Social Work Services	499,067	583,255	566,882	16,373
Health Services	2,101,397	2,246,998	2,220,835	26,163
Student (Pupil) Transportation	4,376,089	5,117,381	4,754,779	362,602
Food Services	138,762	159,607	152,619	6,988
Extracurricular Activities	4,732,459	5,580,171	5,299,648	280,523
General Administration	5,323,652	5,598,600	5,174,528	424,072
Facilities Maintenance and Operations	21,772,246	21,941,799	20,449,889	1,491,910
Security and Monitoring Services	794,108	878,910	798,731	80,179
Data Processing Services	3,419,504	3,622,220	3,586,658	35,562
Community Services	831,584	670,046	612,623	57,423
<b>Capital Outlay:</b>				
Facilities Acquisition and Construction	-	1,262,531	1,008,245	254,286
<b>Intergovernmental:</b>				
Payments to Fiscal Agent/Member Districts of SSA	264,500	270,600	270,600	-
Payments to Juvenile Justice Alternative Ed. Prg.	28,500	16,263	3,827	12,436
Other Intergovernmental Charges	1,288,974	1,288,974	1,217,561	71,413
Total Expenditures	208,657,178	213,072,062	203,934,449	9,137,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,573,396)	(9,497,987)	648,583	10,146,570
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Real and Personal Property	-	15,253	72,256	57,003
Transfers In	1,246,000	1,246,000	1,246,000	-
Transfers Out (Use)	-	(1,929,047)	(1,929,047)	-
Total Other Financing Sources (Uses)	1,246,000	(667,794)	(610,791)	57,003
<b>EXTRAORDINARY ITEMS:</b>				
Extraordinary Item - Insurance Proceeds	-	-	3,015,793	3,015,793
Extraordinary Item - Lawsuit Settlement	-	(39,621)	(39,121)	500
Net Change in Fund Balances	(4,327,396)	(10,205,402)	3,014,464	13,219,866
Fund Balance - July 1 (Beginning)	73,645,399	73,645,399	73,645,399	-
Fund Balance - June 30 (Ending)	\$ 69,318,003	\$ 63,439,997	\$ 76,659,863	\$ 13,219,866

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

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

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

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

Over the course of the year, the Board of Trustees revised the District’s budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June, 2013). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. Budget amendments during the year to general fund revenues totaled \$490,293, and budget amendments to general fund expenditures totaled \$4,414,884.



NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Activities accounted for in the Special Revenue Funds are:

Head Start - funds granted for the Head Start program for preschool children  
ESEA I, A Improving Basic Programs - funds granted to serve students needing reading and math assistance  
IDEA-Part B Formula - funds granted for children with disabilities  
IDEA-Part B Preschool - funds granted for preschool children with disabilities  
Summer Feeding Program - funds granted to provide summer meals to community children  
ESEA II, A Training and Recruiting - funds for training to improve teacher and principal quality  
Title III, A English Lang. Acquisition - funds to improve the education of limited English proficient children  
Title IV, B Community Learning - funds for community learning center activities  
Medicaid Admin. Claim MAC - funds to reimburse Medicaid state plan administrative costs  
Title III Nexus - funds granted for professional development costs for math and science teachers  
Summer School LEP - funds for summer education of limited English proficient students  
SSA Adult Education - funds granted to provide adult education literacy services  
SSA-TANF Family Assistance - funds granted to promote services to undereducated adults under TANF  
SSA-IDEA, Part B Discretionary - funds granted for special education private residential placements  
SSA-IDEA, Part B Deaf - funds granted for children with hearing disabilities  
SSA-IDEA, B Preschool Deaf - funds granted for preschool children with hearing disabilities  
SSA-Vocational Ed Basic Grant - funds granted to provide career and technical education  
SSA-IDEA C Deaf-Early Intervention - funds granted to provide service to hearing impaired infants and toddlers  
Visually Impaired - funds granted for visually impaired students  
Advanced Placement Incentives - funds granted under the Texas Advanced Placement Award incentive program  
Student Success Initiative - funds granted for teacher training and students needing reading education  
State Textbook Fund - funds granted for textbook and technology needs  
Read to Succeed - funds from state license plate fees for reading programs  
SSA-Adult Basic Education - funds granted to provide adult education and literacy services  
SSA Regional Day School-Deaf - funds granted to provide a regional day school program for the deaf (RDSD)  
Deaf Educ Management Board - funds contributed by member districts to support the RDSD program  
Campus Activity Funds - accounts for funds raised by a campus for the benefit of that campus

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes to support the District's programs.

Activities accounted for in the Permanent Fund are:

Lewis Price Memorial Fund - accounts for the original corpus and accumulated earnings related to a gift for playground equipment

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables from Other Governments	397,084	1,011,020	1,087,015	19,852
Other Receivables	-	-	20	-
Inventories	-	-	-	-
Prepayments	-	38,260	-	-
Other Assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 397,084</b>	<b>\$ 1,049,280</b>	<b>\$ 1,087,035</b>	<b>\$ 19,852</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 16,120	\$ 34,959	\$ -
Accrued Wages Payable	156,043	264,151	285,531	8,019
Due to Other Funds	241,041	769,009	766,545	11,833
Unearned Revenues	-	-	-	-
<b>Total Liabilities</b>	<b>397,084</b>	<b>1,049,280</b>	<b>1,087,035</b>	<b>19,852</b>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
Endowment Principal	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 397,084</b>	<b>\$ 1,049,280</b>	<b>\$ 1,087,035</b>	<b>\$ 19,852</b>

Summer Feeding Program	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	Medicaid Admin. Claim MAC	Title III Nexus	Summer School LEP	SSA Adult Basic Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,676	\$ -
67,852	119,813	94,890	31,570	32,046	-	-	23,825
-	500	-	-	-	-	-	-
6,928	-	-	-	-	-	-	-
-	18,762	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 74,780</u>	<u>\$ 139,075</u>	<u>\$ 94,890</u>	<u>\$ 31,570</u>	<u>\$ 32,046</u>	<u>\$ -</u>	<u>\$ 44,676</u>	<u>\$ 23,825</u>
\$ 7,663	\$ 7,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,198
2,957	34,369	53,271	-	-	-	4,132	1,917
62,065	97,370	41,619	31,570	32,046	-	-	14,710
2,095	-	-	-	-	-	40,544	-
<u>74,780</u>	<u>139,075</u>	<u>94,890</u>	<u>31,570</u>	<u>32,046</u>	<u>-</u>	<u>44,676</u>	<u>23,825</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 74,780</u>	<u>\$ 139,075</u>	<u>\$ 94,890</u>	<u>\$ 31,570</u>	<u>\$ 32,046</u>	<u>\$ -</u>	<u>\$ 44,676</u>	<u>\$ 23,825</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	SSA - TANF Family Assistance	SSA IDEA, Part B Discretionary	SSA IDEA, Part B Deaf	SSA - IDEA, B Preschool Deaf
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables from Other Governments	1,759	2,984	6,484	-
Other Receivables	-	-	-	-
Inventories	-	-	-	-
Prepayments	-	-	-	-
Other Assets	-	-	-	-
Total Assets	<u>\$ 1,759</u>	<u>\$ 2,984</u>	<u>\$ 6,484</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages Payable	-	-	1,923	-
Due to Other Funds	1,759	2,984	4,561	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>1,759</u>	<u>2,984</u>	<u>6,484</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
Endowment Principal	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,759</u>	<u>\$ 2,984</u>	<u>\$ 6,484</u>	<u>\$ -</u>

SSA - Career & Technical - Basic Grant	SSA - IDEA C Deaf - Early Intervention	Visually Impaired SSVI	Advanced Placement Incentives	Student Success Initiative	State Textbook Fund	Read to Succeed	CTE Certification
\$ -	\$ -	\$ -	\$ 87,314	\$ -	\$ 136,802	\$ 732	\$ -
47,510	-	-	-	-	-	-	844
-	-	-	-	-	-	-	-
-	-	-	-	-	7,657	-	-
-	-	-	-	-	-	-	-
<u>\$ 47,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,314</u>	<u>\$ -</u>	<u>\$ 144,459</u>	<u>\$ 732</u>	<u>\$ 844</u>
\$ 9,816	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ -
12,074	-	-	-	-	-	-	-
25,620	-	-	-	-	-	-	844
-	-	-	87,314	-	136,459	732	-
<u>47,510</u>	<u>-</u>	<u>-</u>	<u>87,314</u>	<u>-</u>	<u>144,459</u>	<u>732</u>	<u>844</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 47,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,314</u>	<u>\$ -</u>	<u>\$ 144,459</u>	<u>\$ 732</u>	<u>\$ 844</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	SSA - ABE Educational Technology	SSA Regional Day School - Deaf	Deaf Educ Management Board	Campus Activity Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 299,700	\$ 1,038,686
Receivables from Other Governments	41,323	111,525	-	2,200
Other Receivables	-	-	-	23,816
Inventories	-	-	-	-
Prepayments	-	-	4,565	13,115
Other Assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 41,323</b>	<b>\$ 111,525</b>	<b>\$ 304,265</b>	<b>\$ 1,077,817</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 440	\$ 2,903	\$ 2,569	\$ 33,211
Accrued Wages Payable	7,372	46,700	119,940	5,739
Due to Other Funds	33,511	61,922	11,999	-
Unearned Revenues	-	-	169,757	-
<b>Total Liabilities</b>	<b>41,323</b>	<b>111,525</b>	<b>304,265</b>	<b>38,950</b>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
Endowment Principal	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	1,038,867
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,038,867</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 41,323</b>	<b>\$ 111,525</b>	<b>\$ 304,265</b>	<b>\$ 1,077,817</b>

Total Nonmajor Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
\$ 1,607,910	\$ -	\$ 1,607,910
3,099,596	-	3,099,596
24,336	-	24,336
6,928	-	6,928
82,359	-	82,359
-	14,201	14,201
<u>\$ 4,821,129</u>	<u>\$ 14,201</u>	<u>\$ 4,835,330</u>
\$ 130,215	\$ -	\$ 130,215
1,004,138	-	1,004,138
2,211,008	-	2,211,008
436,901	-	436,901
<u>3,782,262</u>	<u>-</u>	<u>3,782,262</u>
-	1,000	1,000
1,038,867	-	1,038,867
-	13,201	13,201
<u>1,038,867</u>	<u>14,201</u>	<u>1,053,068</u>
<u>\$ 4,821,129</u>	<u>\$ 14,201</u>	<u>\$ 4,835,330</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Head Start	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
State Program Revenues	-	-	-	-
Federal Program Revenues	1,216,305	2,861,161	3,363,495	57,136
Total Revenues	<u>1,216,305</u>	<u>2,861,161</u>	<u>3,363,495</u>	<u>57,136</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	1,021,627	2,324,952	2,258,891	57,136
Instructional Resources and Media Services	-	60,040	-	-
Curriculum and Instructional Staff Development	-	262,038	45,096	-
Instructional Leadership	-	10,278	55,158	-
School Leadership	33,304	33,540	8,760	-
Guidance, Counseling and Evaluation Services	1,651	92,241	992,552	-
Social Work Services	128,896	6,072	-	-
Health Services	997	-	2,095	-
Student (Pupil) Transportation	-	-	-	-
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	-
General Administration	-	-	-	-
Facilities Maintenance and Operations	-	-	-	-
Data Processing Services	-	-	-	-
Community Services	29,830	72,000	943	-
Total Expenditures	<u>1,216,305</u>	<u>2,861,161</u>	<u>3,363,495</u>	<u>57,136</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Summer Feeding Program	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	Medicaid Admin. Claim MAC	Title III Nexus	Summer School LEP	SSA Adult Basic Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
105,878	462,982	346,683	116,941	106,097	6,334	16,476	350,429
105,878	462,982	346,683	116,941	106,097	6,334	16,476	350,429
-	61,117	89,115	-	49,107	6,334	16,476	304,774
-	-	-	-	-	-	-	-
-	396,079	214,676	-	-	-	-	29,810
-	3,491	150	-	-	-	-	2,867
-	2,295	2,920	-	-	-	-	-
-	-	-	-	56,990	-	-	-
-	-	-	-	-	-	-	-
-	-	-	116,941	-	-	-	-
104,758	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,120	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	39,822	-	-	-	-	12,978
105,878	462,982	346,683	116,941	106,097	6,334	16,476	350,429
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	SSA - TANF Family Assistance	SSA IDEA, Part B Discretionary	SSA IDEA, Part B Deaf	SSA - IDEA, B Preschool Deaf
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
State Program Revenues	-	-	-	-
Federal Program Revenues	15,243	29,837	26,121	4,256
Total Revenues	<u>15,243</u>	<u>29,837</u>	<u>26,121</u>	<u>4,256</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	15,243	29,837	-	4,256
Instructional Resources and Media Services	-	-	-	-
Curriculum and Instructional Staff Development	-	-	-	-
Instructional Leadership	-	-	-	-
School Leadership	-	-	-	-
Guidance, Counseling and Evaluation Services	-	-	26,121	-
Social Work Services	-	-	-	-
Health Services	-	-	-	-
Student (Pupil) Transportation	-	-	-	-
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	-
General Administration	-	-	-	-
Facilities Maintenance and Operations	-	-	-	-
Data Processing Services	-	-	-	-
Community Services	-	-	-	-
Total Expenditures	<u>15,243</u>	<u>29,837</u>	<u>26,121</u>	<u>4,256</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SSA - Career & Technical - Basic Grant	SSA - IDEA C Deaf - Early Intervention	Visually Impaired SSVI	Advanced Placement Incentives	Student Success Initiative	State Textbook Fund	Read to Succeed	CTE Certification
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,127	\$ -	\$ -
-	-	10,640	1,635	4,197	603,584	243	844
230,502	1,409	-	1,662	-	-	-	-
<u>230,502</u>	<u>1,409</u>	<u>10,640</u>	<u>3,297</u>	<u>4,197</u>	<u>620,711</u>	<u>243</u>	<u>844</u>
151,633	1,409	10,640	3,297	993	612,711	22	844
-	-	-	-	-	-	221	-
14,287	-	-	-	-	8,000	-	-
4,290	-	-	-	-	-	-	-
-	-	-	-	2,937	-	-	-
60,292	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	76	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	191	-	-	-
-	-	-	-	-	-	-	-
<u>230,502</u>	<u>1,409</u>	<u>10,640</u>	<u>3,297</u>	<u>4,197</u>	<u>620,711</u>	<u>243</u>	<u>844</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	SSA - ABE Educational Technology	SSA Regional Day School - Deaf	Deaf Educ Management Board	Campus Activity Funds
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ -	\$ -	\$ 771,413	\$ 1,782,866
State Program Revenues	123,907	343,010	-	-
Federal Program Revenues	-	-	-	-
Total Revenues	<u>123,907</u>	<u>343,010</u>	<u>771,413</u>	<u>1,782,866</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	107,190	326,743	723,132	1,153,830
Instructional Resources and Media Services	-	-	-	111,610
Curriculum and Instructional Staff Development	8,288	349	1,469	30,050
Instructional Leadership	1,323	-	-	-
School Leadership	-	-	-	80,331
Guidance, Counseling and Evaluation Services	-	15,918	46,812	3,813
Social Work Services	-	-	-	-
Health Services	-	-	-	1,126
Student (Pupil) Transportation	-	-	-	2,171
Food Services	-	-	-	-
Extracurricular Activities	-	-	-	284,963
General Administration	-	-	-	42,502
Facilities Maintenance and Operations	-	-	-	7,226
Data Processing Services	-	-	-	72
Community Services	7,106	-	-	4,637
Total Expenditures	<u>123,907</u>	<u>343,010</u>	<u>771,413</u>	<u>1,722,331</u>
Net Change in Fund Balance	-	-	-	60,535
Fund Balance - July 1 (Beginning)	-	-	-	978,332
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,038,867</u>

Total Nonmajor Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
\$ 2,571,406	\$ 7	\$ 2,571,413
1,088,060	-	1,088,060
9,318,947	-	9,318,947
<u>12,978,413</u>	<u>7</u>	<u>12,978,420</u>
9,331,309	-	9,331,309
171,871	-	171,871
1,010,142	-	1,010,142
77,557	-	77,557
164,087	-	164,087
1,296,390	-	1,296,390
134,968	-	134,968
4,294	-	4,294
119,112	-	119,112
104,758	-	104,758
284,963	-	284,963
42,502	-	42,502
8,346	-	8,346
263	-	263
167,316	-	167,316
<u>12,917,878</u>	<u>-</u>	<u>12,917,878</u>
60,535	7	60,542
978,332	14,194	992,526
<u>\$ 1,038,867</u>	<u>\$ 14,201</u>	<u>\$ 1,053,068</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2014

	Print Shop	Workers Compensation	Health Insurance	iPad Insurance	Total Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 390,185	\$ 5,006,847	\$ 4,425,811	\$ 177,709	\$ 10,000,552
Other Receivables	130	14,200	414	-	14,744
Inventories	6,050	-	-	-	6,050
Prepayments	-	4,375	-	-	4,375
<b>Total Current Assets</b>	<b>396,365</b>	<b>5,025,422</b>	<b>4,426,225</b>	<b>177,709</b>	<b>10,025,721</b>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	8,756	-	-	-	8,756
Depreciation on Furniture and Equipment	(4,086)	-	-	-	(4,086)
<b>Total Noncurrent Assets</b>	<b>4,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,670</b>
<b>Total Assets</b>	<b>401,035</b>	<b>5,025,422</b>	<b>4,426,225</b>	<b>177,709</b>	<b>10,030,391</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	1,443	10,274	1,545	-	13,262
Accrued Wages Payable	2	9	-	-	11
Accrued Expenses	-	1,171,713	-	-	1,171,713
<b>Total Liabilities</b>	<b>1,445</b>	<b>1,181,996</b>	<b>1,545</b>	<b>-</b>	<b>1,184,986</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 4,670	\$ -	\$ -	\$ -	\$ 4,670
Unrestricted Net Position	394,920	3,843,426	4,424,680	177,709	8,840,735
<b>Total Net Position</b>	<b>\$ 399,590</b>	<b>\$ 3,843,426</b>	<b>\$ 4,424,680</b>	<b>\$ 177,709</b>	<b>\$ 8,845,405</b>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Print Shop	Workers Compensation	Health Insurance	iPad Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ 306,409	\$ 972,345	\$ 199,639	\$ 98,250	\$ 1,576,643
Total Operating Revenues	306,409	972,345	199,639	98,250	1,576,643
<b>OPERATING EXPENSES:</b>					
Payroll Costs	151,190	61,706	110,686	-	323,582
Professional and Contracted Services	145,388	40,620	25,734	3,154	214,896
Supplies and Materials	75,020	24,972	10,670	13,453	124,115
Other Operating Costs	-	40,596	169,261	-	209,857
Depreciation Expense	1,751	-	-	-	1,751
Total Operating Expenses	373,349	167,894	316,351	16,607	874,201
Operating Income (Loss)	(66,940)	804,451	(116,712)	81,643	702,442
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Earnings from Temporary Deposits & (Loss) on Sale of Real and Personal Property	-	731	1,950	-	2,681
	851	-	-	-	851
Total Nonoperating Revenues (Expenses)	851	731	1,950	-	3,532
Income (Loss) Before Transfers	(66,089)	805,182	(114,762)	81,643	705,974
Transfers Out	-	(1,000,000)	(246,000)	-	(1,246,000)
Change in Net Position	(66,089)	(194,818)	(360,762)	81,643	(540,026)
Total Net Position - July 1 (Beginning)	465,679	4,038,244	4,785,442	96,066	9,385,431
Total Net Position - June 30 (Ending)	\$ 399,590	\$ 3,843,426	\$ 4,424,680	\$ 177,709	\$ 8,845,405

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Print Shop	Workers Compensation	Health Insurance	iPad Insurance	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from District	\$ -	\$ 958,145	\$ -	\$ -	\$ 958,145
Cash Received from Charges and Fees	306,279	-	-	98,250	404,529
Cash Received from Employees	-	-	325,926	-	325,926
Cash Payments for Payroll Costs	(151,232)	(61,697)	(111,424)	-	(324,353)
Cash Payments for Purchased Services	(157,086)	(40,620)	(25,734)	(3,154)	(226,594)
Cash Payments for Supplies and Materials	(77,646)	(24,972)	(15,071)	(13,453)	(131,142)
Cash Payments for Other Expenses	-	(42,927)	(169,261)	-	(212,188)
Cash Payments for Claims	-	(513,061)	-	-	(513,061)
Net Cash Provided by (Used for) Operating Activities	(79,685)	274,868	4,436	81,643	281,262
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>					
Sale of Real & Personal Property	851	-	-	-	851
Transfers Out	-	(1,000,000)	(246,000)	-	(1,246,000)
Net Cash Provided by (Used for) Capital & Related Financing Activities	851	(1,000,000)	(246,000)	-	(1,245,149)
<u>Cash Flows from Investing Activities:</u>					
Interest and Dividends on Investments	-	731	1,950	-	2,681
Net Increase (Decrease) in Cash and Cash Equivalents	(78,834)	(724,401)	(239,614)	81,643	(961,206)
Cash and Cash Equivalents at Beginning of Year	469,019	5,731,248	4,665,425	96,066	10,961,758
Cash and Cash Equivalents at End of Year	\$ 390,185	\$ 5,006,847	\$ 4,425,811	\$ 177,709	\$ 10,000,552
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ (66,940)	\$ 804,451	\$ (116,712)	\$ 81,643	\$ 702,442
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:					
Depreciation	1,750	-	-	-	1,750
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Receivables	(130)	(14,200)	126,287	-	111,957
Decrease (increase) in Inventories	(2,626)	-	-	-	(2,626)
Increase (decrease) in Accounts Payable	(11,698)	(19,948)	(4,401)	-	(36,047)
Increase (decrease) in Accrued Wages Payable	(41)	9	(738)	-	(770)
Increase (decrease) in Accrued Expenses	-	(495,444)	-	-	(495,444)
Net Cash Provided by (Used for) Operating Activities	\$ (79,685)	\$ 274,868	\$ 4,436	\$ 81,643	\$ 281,262



DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2014

	National Breakfast and Lunch Program	Stadium Concessions	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,003,215	\$ 102,715	\$ 2,105,930
Due from Other Funds	1,975	-	1,975
Other Receivables	1,678	-	1,678
Inventories	322,956	-	322,956
Prepayments	2,035	-	2,035
Total Current Assets	<u>2,331,859</u>	<u>102,715</u>	<u>2,434,574</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	3,941,203	27,223	3,968,426
Depreciation on Furniture and Equipment	(2,608,075)	(27,223)	(2,635,298)
Total Noncurrent Assets	<u>1,333,128</u>	<u>-</u>	<u>1,333,128</u>
Total Assets	<u>3,664,987</u>	<u>102,715</u>	<u>3,767,702</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	51,486	-	51,486
Accrued Wages Payable	44,706	-	44,706
Unearned Revenues	345,477	-	345,477
Total Liabilities	<u>441,669</u>	<u>-</u>	<u>441,669</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,333,128	-	1,333,128
Unrestricted Net Position	1,890,190	102,715	1,992,905
Total Net Position	<u>\$ 3,223,318</u>	<u>\$ 102,715</u>	<u>\$ 3,326,033</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	National Breakfast and Lunch Program	Stadium Concessions	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 3,175,707	\$ 65,419	\$ 3,241,126
State Program Revenues	59,338	-	59,338
<b>Total Operating Revenues</b>	<b>3,235,045</b>	<b>65,419</b>	<b>3,300,464</b>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	3,628,946	24,282	3,653,228
Professional and Contracted Services	122,577	520	123,097
Supplies and Materials	5,083,315	33,695	5,117,010
Other Operating Costs	40,603	175	40,778
Depreciation Expense	352,430	-	352,430
<b>Total Operating Expenses</b>	<b>9,227,871</b>	<b>58,672</b>	<b>9,286,543</b>
<b>Operating Income (Loss)</b>	<b>(5,992,826)</b>	<b>6,747</b>	<b>(5,986,079)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
National School Breakfast Program	1,126,851	-	1,126,851
National School Lunch Program	4,121,709	-	4,121,709
Donated Commodities (USDA)	455,732	-	455,732
Earnings from Temporary Deposits & Investments	994	-	994
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,705,286</b>	<b>-</b>	<b>5,705,286</b>
<b>Change in Net Position</b>	<b>(287,540)</b>	<b>6,747</b>	<b>(280,793)</b>
<b>Total Net Position - July 1 (Beginning)</b>	<b>3,510,858</b>	<b>95,968</b>	<b>3,606,826</b>
<b>Total Net Position June 30 (Ending)</b>	<b>\$ 3,223,318</b>	<b>\$ 102,715</b>	<b>\$ 3,326,033</b>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	National Breakfast and Lunch Program	Stadium Concessions	Total Nonmajor Enterprise Funds
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Charges and Fees	\$ 3,288,723	\$ 65,419	\$ 3,354,142
Cash Payments for Payroll Costs	(3,768,908)	(24,282)	(3,793,190)
Cash Payments for Purchased Services	(122,577)	(520)	(123,097)
Cash Payments for Supplies and Materials	(4,988,730)	(33,695)	(5,022,425)
Cash Payments for Other Expenses	(40,603)	(175)	(40,778)
Net Cash Provided by (Used for) Operating Activities	<u>(5,632,095)</u>	<u>6,747</u>	<u>(5,625,348)</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>			
Cash Received from Federal Programs	5,248,560	-	5,248,560
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>			
Acquisition of Capital Assets	(88,634)	-	(88,634)
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest and Dividends on Investments	994	-	994
Net Increase (Decrease) in Cash and Cash Equivalents	(471,175)	6,747	(464,428)
Cash and Cash Equivalents at Beginning of Year	2,474,390	95,968	2,570,358
Cash and Cash Equivalents at End of Year	<u>\$ 2,003,215</u>	<u>\$ 102,715</u>	<u>\$ 2,105,930</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u></b>			
Operating Income (Loss):	\$ (5,992,826)	\$ 6,747	\$ (5,986,079)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:</b>			
Depreciation	352,430	-	352,430
Commodities	455,732	-	455,732
<b>Effect of Increases and Decreases in Current Assets and Liabilities:</b>			
Decrease (increase) in Due from Other Gov.	500	-	500
Decrease (increase) in Receivables	3,553	-	3,553
Decrease (increase) in Inventories	(48,556)	-	(48,556)
Decrease (increase) in Prepayments	(2,035)	-	(2,035)
Increase (decrease) in Accounts Payable	(310,556)	-	(310,556)
Increase (decrease) in Accrued Wages Payable	221	-	221
Increase (decrease) in Due to/from Other Funds	(140,183)	-	(140,183)
Increase (decrease) in Unearned Revenues	49,625	-	49,625
Net Cash Provided by (Used for) Operating Activities	<u>\$ (5,632,095)</u>	<u>\$ 6,747</u>	<u>\$ (5,625,348)</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ 51,138,389	\$ 52,358,138	\$ 52,142,334	\$ (215,804)
Total Revenues	<u>51,138,389</u>	<u>52,358,138</u>	<u>52,142,334</u>	<u>(215,804)</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal on Long Term Debt	21,625,087	21,625,087	21,316,366	308,721
Interest on Long Term Debt	28,457,451	28,457,451	25,049,036	3,408,415
Bond Issuance Cost and Fees	577,325	577,325	546,797	30,528
Total Expenditures	<u>50,659,863</u>	<u>50,659,863</u>	<u>46,912,199</u>	<u>3,747,664</u>
Excess of Revenues Over Expenditures	478,526	1,698,275	5,230,135	3,531,860
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium or Discount on Issuance of Bonds	-	104,318	104,318	-
Net Change in Fund Balances	478,526	1,802,593	5,334,453	3,531,860
Fund Balance - July 1 (Beginning)	<u>50,832,071</u>	<u>50,832,071</u>	<u>50,832,071</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ 51,310,597</u>	<u>\$ 52,634,664</u>	<u>\$ 56,166,524</u>	<u>\$ 3,531,860</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ 3,619,055	\$ 3,619,055	\$ 3,175,707	\$ (443,348)
State Program Revenues	58,000	58,000	59,338	1,338
Total Revenues	3,677,055	3,677,055	3,235,045	(442,010)
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Food Services	9,488,417	10,497,335	9,227,871	1,269,464
Total Expenditures	9,488,417	10,497,335	9,227,871	1,269,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,811,362)	(6,820,280)	(5,992,826)	827,454
<b>OTHER FINANCING SOURCES (USES):</b>				
National School Breakfast Program	1,211,527	1,211,527	1,126,851	(84,676)
National School Lunch Program	4,599,835	4,599,835	4,121,709	(478,126)
Donated Commodities (USDA)	-	500,000	455,732	(44,268)
Investment Income	-	-	994	994
Total Other Financing Sources (Uses)	5,811,362	6,311,362	5,705,286	(606,076)
Change in Net Position	-	(508,918)	(287,540)	221,378
Total Net Position - July 1 (Beginning)	3,510,858	3,510,858	3,510,858	-
Total Net Position - June 30 (Ending)	\$ 3,510,858	\$ 3,001,940	\$ 3,223,318	\$ 221,378

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2014
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 1,075,776	\$ 3,585,482	\$ 3,547,839	\$ 1,113,419
Due From Other Governments	1,917	-	1,917	-
Other Receivables	714	189	714	189
Total Assets	<u>\$ 1,078,407</u>	<u>\$ 3,585,671</u>	<u>\$ 3,550,470</u>	<u>\$ 1,113,608</u>
Liabilities:				
Accounts Payable	\$ 75	\$ 3,582	\$ 75	\$ 3,582
Accrued Wages Payable	-	200	-	200
Due to Student Groups	1,078,332	3,581,889	3,550,395	1,109,826
Total Liabilities	<u>\$ 1,078,407</u>	<u>\$ 3,585,671</u>	<u>\$ 3,550,470</u>	<u>\$ 1,113,608</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 1,075,776	\$ 3,585,482	\$ 3,547,839	\$ 1,113,419
Due From Other Governments	1,917	-	1,917	-
Other Receivables	714	189	714	189
Total Assets	<u>\$ 1,078,407</u>	<u>\$ 3,585,671</u>	<u>\$ 3,550,470</u>	<u>\$ 1,113,608</u>
Liabilities:				
Accounts Payable	\$ 75	\$ 3,582	\$ 75	\$ 3,582
Accrued Wages Payable	-	200	-	200
Due to Student Groups	1,078,332	3,581,889	3,550,395	1,109,826
Total Liabilities	<u>\$ 1,078,407</u>	<u>\$ 3,585,671</u>	<u>\$ 3,550,470</u>	<u>\$ 1,113,608</u>

# *STATISTICAL SECTION*

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## Statistical Section

This part of the Denton Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>98</b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>108</b>
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>114</b>
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>120</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
<b>Operating Information</b>	<b>124</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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

Fiscal Year	2005	2006	2007	2008
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ (10,566,894)	\$ (29,384,189)	\$(103,706,370)	\$(222,929,208)
Restricted for Campus Activities	396,176	291,614	352,602	398,666
Restricted for Debt Service	14,964,876	16,686,050	24,503,593	31,828,436
Restricted for Corpus	-	-	-	-
Restricted for Playground Equipment	-	-	-	-
Unrestricted Net Position	<u>40,561,839</u>	<u>50,834,774</u>	<u>122,786,171</u>	<u>232,962,255</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 45,355,997</u>	<u>\$ 38,428,249</u>	<u>\$ 43,935,996</u>	<u>\$ 42,260,149</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	\$ 954,043	\$ 785,325	\$ 585,014	\$ 421,774
Unrestricted Net Position	<u>901,407</u>	<u>1,133,030</u>	<u>1,250,217</u>	<u>1,430,324</u>
<b>Total Business-Type Activities</b>	<u>\$ 1,855,450</u>	<u>\$ 1,918,355</u>	<u>\$ 1,835,231</u>	<u>\$ 1,852,098</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ (9,612,851)	\$ (28,598,864)	\$(103,121,356)	\$(222,507,434)
Restricted for Campus Activities	396,176	291,614	352,602	398,666
Restricted for Debt Service	14,964,876	16,686,050	24,503,593	31,828,436
Restricted for Corpus	-	-	-	-
Restricted for Playground Equipment	-	-	-	-
Unrestricted Net Position	<u>41,463,246</u>	<u>51,967,804</u>	<u>124,036,388</u>	<u>234,392,579</u>
<b>Total Primary Government</b>	<u>\$ 47,211,447</u>	<u>\$ 40,346,604</u>	<u>\$ 45,771,227</u>	<u>\$ 44,112,247</u>

2009	2010	2011	2012	2013	2014
\$(134,747,773)	\$ (98,597,897)	\$ (98,448,425)	\$ (63,550,092)	\$ (60,034,706)	\$ (59,743,833)
506,111	609,215	834,344	909,653	978,332	1,038,867
34,131,436	38,048,039	42,142,928	47,127,851	50,832,071	56,166,524
-	1,000	1,000	1,000	1,000	1,000
-	12,958	13,052	13,123	13,194	13,201
<u>127,244,017</u>	<u>83,693,383</u>	<u>77,842,110</u>	<u>42,348,960</u>	<u>39,860,571</u>	<u>37,396,548</u>
<u>\$ 27,133,791</u>	<u>\$ 23,766,698</u>	<u>\$ 22,385,009</u>	<u>\$ 26,850,495</u>	<u>\$ 31,650,462</u>	<u>\$ 34,872,307</u>
\$ 323,527	\$ 215,811	\$ 737,761	\$ 1,438,433	\$ 1,596,924	\$ 1,333,128
1,933,823	2,908,761	2,381,579	2,061,722	2,009,902	1,992,905
<u>\$ 2,257,350</u>	<u>\$ 3,124,572</u>	<u>\$ 3,119,340</u>	<u>\$ 3,500,155</u>	<u>\$ 3,606,826</u>	<u>\$ 3,326,033</u>
\$(134,424,246)	\$ (98,382,086)	\$ (97,710,664)	\$ (62,111,659)	\$ (58,437,782)	\$ (58,410,705)
506,111	609,215	834,344	909,653	978,332	1,038,867
34,131,436	38,048,039	42,142,928	47,127,851	50,832,071	56,166,524
-	1,000	1,000	1,000	1,000	1,000
-	12,958	13,052	13,123	13,194	13,201
<u>129,177,840</u>	<u>86,602,144</u>	<u>80,223,689</u>	<u>44,410,682</u>	<u>41,870,473</u>	<u>39,389,453</u>
<u>\$ 29,391,141</u>	<u>\$ 26,891,270</u>	<u>\$ 25,504,349</u>	<u>\$ 30,350,650</u>	<u>\$ 35,257,288</u>	<u>\$ 38,198,340</u>

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

Fiscal Year	2005	2006	2007	2008
<b>Expenses</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 77,856,883	\$ 90,325,309	\$ 108,188,073	\$ 120,963,361
Instructional Resources & Media Services	2,250,933	2,523,359	3,157,377	3,509,026
Curriculum & Staff Development	2,308,490	2,964,723	3,837,453	3,945,407
Instructional Leadership	1,953,858	2,084,955	2,505,233	2,580,909
School Leadership	6,921,493	8,058,790	9,520,563	10,571,369
Guidance, Counseling & Evaluation Services	5,251,747	6,134,689	7,398,859	8,251,825
Social Work Services	563,568	597,539	665,386	766,224
Health Services	1,308,451	1,477,767	1,718,626	2,022,307
Student (Pupil) Transportation	2,193,822	4,357,368	4,413,485	5,212,374
Food Services	176,246	186,469	231,689	183,583
Extracurricular Activities	2,690,574	3,194,107	3,748,905	4,452,419
General Administration	3,635,258	3,835,148	4,421,559	4,816,372
Plant Maintenance & Operations	21,372,266	24,878,114	21,825,280	33,008,080
Security Monitoring Services	354,506	492,350	462,786	437,029
Data Processing Services	2,633,617	3,075,097	2,914,633	3,216,520
Community Services	318,006	273,212	262,414	148,626
Debt Service - Interest and Fees	23,932,981	20,375,676	24,610,585	26,470,091
Payments for Fiscal Agent/Member Districts	171,500	241,100	212,557	226,800
Payments to Juvenile Justice Alternative Ed. Prg.	10,349	26,386	17,696	27,323
Other Intergovernmental Charges	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<u>155,904,548</u>	<u>175,102,158</u>	<u>200,113,159</u>	<u>230,809,645</u>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services</b>				
Instruction	900,977	1,119,717	1,223,431	1,251,757
Instructional Leadership	-	-	-	-
School Leadership	-	-	-	-
Health Services	-	-	-	-
Extracurricular Activities	358,833	380,748	374,677	351,546
General Administration	-	-	-	-
Plant Maintenance & Operations	139,911	126,196	115,591	266,043
Community Services	-	-	-	-
Operating Grants and Contributions	17,643,993	20,355,580	22,792,584	24,077,720
Capital Grants and Contributions	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<u>19,043,714</u>	<u>21,982,241</u>	<u>24,506,283</u>	<u>25,947,066</u>
<b>Total Governmental Activities Net (Expense) Revenue</b>	<u>\$(136,860,834)</u>	<u>\$(153,119,917)</u>	<u>\$(175,606,876)</u>	<u>\$(204,862,579)</u>

2009	2010	2011	2012	2013	2014
\$ 134,726,267	\$ 142,846,874	\$ 147,791,384	\$ 142,879,926	\$ 144,877,249	\$ 154,357,950
3,866,009	3,954,485	4,055,167	4,004,174	3,980,838	4,226,963
4,417,941	4,896,737	4,578,304	3,974,083	4,241,167	4,082,091
2,600,380	2,888,262	3,160,725	2,677,319	2,726,823	2,645,733
11,812,262	12,022,194	12,098,591	11,380,604	12,220,012	12,572,588
9,754,789	10,678,636	10,850,839	10,596,400	11,088,010	11,435,409
822,572	736,414	734,395	662,420	710,187	790,420
2,279,459	2,391,738	2,416,596	2,354,611	2,340,531	2,502,551
5,357,101	5,509,515	5,136,357	5,117,453	5,119,826	5,340,406
193,650	205,511	216,441	212,456	128,876	169,939
5,121,928	5,494,874	5,565,786	5,678,981	5,597,180	6,092,564
4,493,238	4,925,859	5,157,358	5,498,784	5,296,713	5,736,385
30,022,194	22,650,584	22,341,395	20,947,561	22,367,887	22,806,826
490,413	551,780	588,702	625,486	709,408	798,731
3,245,135	3,540,253	3,484,135	3,537,840	3,597,124	3,765,272
351,956	544,167	568,928	631,841	813,366	841,290
30,890,612	30,633,392	32,117,047	28,330,206	26,456,836	29,914,489
187,200	231,000	255,750	232,500	263,500	270,600
13,261	6,853	6,853	6,408	13,350	3,827
1,167,478	1,190,866	1,223,154	1,231,054	1,226,213	1,217,561
<u>251,813,845</u>	<u>255,899,994</u>	<u>262,347,907</u>	<u>250,580,107</u>	<u>253,775,096</u>	<u>269,571,595</u>
1,409,347	1,775,223	1,589,656	1,699,448	1,548,972	1,356,458
-	-	227,700	273,714	301,750	305,878
-	-	-	-	-	381,712
-	1,693,877	2,229,547	1,884,174	2,064,530	2,773,984
448,086	459,584	725,993	462,348	542,967	492,828
-	-	-	644,338	642,736	637,367
282,994	284,358	729,776	382,137	354,256	3,216,099
-	-	335,130	362,217	340,210	392,872
24,123,906	32,029,618	33,145,949	27,320,158	23,121,232	23,406,913
-	-	56,000	-	632,120	-
<u>26,264,333</u>	<u>36,242,660</u>	<u>39,039,751</u>	<u>33,028,534</u>	<u>29,548,773</u>	<u>32,964,111</u>
<u>\$(225,549,512)</u>	<u>\$(219,657,334)</u>	<u>\$(223,308,156)</u>	<u>\$(217,551,573)</u>	<u>\$(224,226,323)</u>	<u>\$(236,607,484)</u>

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

Fiscal Year	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 90,907,404	\$ 101,328,274	\$ 107,041,924	\$ 93,722,191
Property Taxes - Debt Service	22,069,533	24,590,109	30,726,849	35,258,115
State Aid-Formula Grants	15,374,736	13,873,518	31,103,330	65,089,322
Unrestricted Grants and Contributions	1,024,226	610,500	3,798,787	153,087
Investment Earnings	3,682,993	5,457,224	7,863,894	7,352,177
Miscellaneous	332,461	301,145	632,976	1,600,676
Special Items	8,694	31,399	131,793	11,164
Extraordinary Items	-	-	(200,000)	-
Transfers In (Out)	(90,000)	-	15,070	-
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>133,310,047</u>	<u>146,192,169</u>	<u>181,114,623</u>	<u>203,186,732</u>
Governmental Activities Change in Net Position	<u>\$ (3,550,787)</u>	<u>\$ (6,927,748)</u>	<u>\$ 5,507,747</u>	<u>\$ (1,675,847)</u>
Expenses				
Business-Type Activities:				
National School Breakfast & Lunch	\$ 5,165,235	\$ 5,749,938	\$ 6,628,911	\$ 7,358,557
Stadium Concessions	102,628	93,542	88,174	76,456
Total Business-Type Activities Expenses	<u>5,267,863</u>	<u>5,843,480</u>	<u>6,717,085</u>	<u>7,435,013</u>
Program Revenues				
Business-Type Activities:				
Charges for Services:				
National School Breakfast & Lunch	2,254,481	2,669,776	3,029,081	3,428,138
Stadium Concessions	89,349	90,675	107,858	92,338
Operating Grants and Contributions:				
National School Breakfast & Lunch	2,857,000	3,092,713	3,434,630	3,881,365
Total Business-Type Activities Program Revenues	<u>5,200,830</u>	<u>5,853,164</u>	<u>6,571,569</u>	<u>7,401,841</u>
Total Business-Type Activities Net (Expense) Revenue	<u>(67,033)</u>	<u>9,684</u>	<u>(145,516)</u>	<u>(33,172)</u>
General Revenues and Other Changes in Net Position				
Business-Type Activities:				
Unrestricted Grants and Contributions	-	-	9,070	-
Investment Earnings	24,856	53,221	68,392	50,039
Special Items	-	-	-	-
Transfer In (Out)	90,000	-	(15,070)	-
Total Business-Type Activities General Revenues and Other Changes in Net Position	<u>114,856</u>	<u>53,221</u>	<u>62,392</u>	<u>50,039</u>
Business-Type Activities Change in Net Position	<u>\$ 47,823</u>	<u>\$ 62,905</u>	<u>\$ (83,124)</u>	<u>\$ 16,867</u>
Total Primary Government Change in Net Position	<u>\$ (3,502,964)</u>	<u>\$ (6,864,843)</u>	<u>\$ 5,424,623</u>	<u>\$ (1,658,980)</u>

2009	2010	2011	2012	2013	2014
\$ 98,785,810	\$ 100,862,948	\$ 99,804,875	\$ 101,470,882	\$ 105,882,631	\$ 110,871,393
42,658,104	43,521,508	46,887,776	47,721,609	49,808,593	52,151,214
64,834,487	70,925,666	74,391,559	76,298,049	72,633,199	75,113,566
142,903	89,987	175,362	563,453	131,686	1,322,103
3,553,496	261,271	266,294	208,758	262,100	85,849
583,290	512,982	393,101	302,867	308,081	285,204
(134,936)	27,379	(2,895)	-	-	-
-	-	(533,091)	-	-	-
-	88,500	-	-	-	-
<u>210,423,154</u>	<u>216,290,241</u>	<u>221,382,981</u>	<u>226,565,618</u>	<u>229,026,290</u>	<u>239,829,329</u>
<u>\$ (15,126,358)</u>	<u>\$ (3,367,093)</u>	<u>\$ (1,925,175)</u>	<u>\$ 9,014,045</u>	<u>\$ 4,799,967</u>	<u>\$ 3,221,845</u>
\$ 7,628,068	\$ 7,650,408	\$ 8,351,124	\$ 8,730,280	\$ 9,050,972	\$ 9,227,871
88,512	95,417	75,947	86,644	76,577	58,672
<u>7,716,580</u>	<u>7,745,825</u>	<u>8,427,071</u>	<u>8,816,924</u>	<u>9,127,549</u>	<u>9,286,543</u>
3,735,550	3,783,521	3,820,225	3,769,853	3,346,829	3,235,045
106,994	107,708	94,022	109,942	80,980	65,419
<u>4,264,393</u>	<u>4,832,660</u>	<u>4,505,230</u>	<u>5,313,520</u>	<u>5,802,533</u>	<u>5,704,292</u>
<u>8,106,937</u>	<u>8,723,889</u>	<u>8,419,477</u>	<u>9,193,315</u>	<u>9,230,342</u>	<u>9,004,756</u>
<u>390,357</u>	<u>978,064</u>	<u>(7,594)</u>	<u>376,391</u>	<u>102,793</u>	<u>(281,787)</u>
-	-	-	-	-	-
14,895	1,942	2,362	4,424	3,878	994
-	(22,784)	-	-	-	-
-	(90,000)	-	-	-	-
<u>14,895</u>	<u>(110,842)</u>	<u>2,362</u>	<u>4,424</u>	<u>3,878</u>	<u>994</u>
<u>\$ 405,252</u>	<u>\$ 867,222</u>	<u>\$ (5,232)</u>	<u>\$ 380,815</u>	<u>\$ 106,671</u>	<u>\$ (280,793)</u>
<u>\$ (14,721,106)</u>	<u>\$ (2,499,871)</u>	<u>\$ (1,930,407)</u>	<u>\$ 9,394,860</u>	<u>\$ 4,906,638</u>	<u>\$ 2,941,052</u>

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

Fiscal Year	2005	2006	2007	2008
<b>General Fund</b>				
Reserved:				
Investments in Inventory	\$ 222,780	\$ 232,467	\$ 245,712	\$ 235,852
Prepaid Items	340,389	349,224	383,386	381,780
Outstanding Encumbrances	17,947	47,526	31,107	28,275
Unreserved Designated	310,311	380,979	428,083	2,710,078
Unreserved Undesignated	<u>33,261,574</u>	<u>35,923,772</u>	<u>42,844,821</u>	<u>52,002,671</u>
<b>Total General Fund</b>	<u>\$ 34,153,001</u>	<u>\$ 36,933,968</u>	<u>\$ 43,933,109</u>	<u>\$ 55,358,656</u>
<b>All Other Governmental Funds</b>				
Reserved:				
Prepaid Items	\$ -	\$ -	\$ 50,000	\$ -
Outstanding Encumbrances	50,118,676	29,765,244	29,940,054	23,038,033
Retirement of Long-Term Debt	14,964,876	16,686,050	24,503,593	31,828,436
Capital Projects	50,601,909	10,216,991	53,464,877	163,809,197
Scholarship	12,149	12,538	12,939	13,353
Unreserved Designated:				
Special Revenue Fund	98,541	146,019	151,536	267,920
Unreserved Undesignated:				
Special Revenue Fund	<u>396,176</u>	<u>291,614</u>	<u>352,602</u>	<u>398,666</u>
<b>Total All Other Governmental Funds</b>	<u>\$ 116,192,327</u>	<u>\$ 57,118,456</u>	<u>\$ 108,475,601</u>	<u>\$ 219,355,605</u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total General Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other Governmental Funds</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total General and Other Governmental</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

2009	2010	2011	2012	2013	2014
\$ 187,857	\$ 175,826	\$ -	\$ -	\$ -	\$ -
299,473	365,581	-	-	-	-
102,653	16,565	-	-	-	-
2,753,784	1,636,326	-	-	-	-
<u>47,274,807</u>	<u>53,451,035</u>	-	-	-	-
<u>\$ 50,618,574</u>	<u>\$ 55,645,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,020	\$ -	\$ -	\$ -	\$ -	\$ -
31,231,585	11,266,351	-	-	-	-
34,122,416	38,048,039	-	-	-	-
73,899,324	34,997,646	-	-	-	-
13,488	13,958	-	-	-	-
119,979	-	-	-	-	-
<u>507,611</u>	<u>727,828</u>	-	-	-	-
<u>\$ 139,903,423</u>	<u>\$ 85,053,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 559,534	\$ 538,949	\$ 544,317	\$ 520,916
-	-	6,624,969	17,615,649	13,387,745	16,008,742
-	-	<u>56,673,908</u>	<u>59,272,911</u>	<u>59,713,337</u>	<u>60,130,205</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,858,411</u>	<u>\$ 77,427,509</u>	<u>\$ 73,645,399</u>	<u>\$ 76,659,863</u>
\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
-	-	79,302,969	111,512,727	73,788,582	246,651,294
-	-	834,344	909,653	978,332	1,038,867
-	-	<u>151,653</u>	<u>13,123</u>	<u>4,670,884</u>	<u>3,407,462</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,289,966</u>	<u>\$ 112,436,503</u>	<u>\$ 79,438,798</u>	<u>\$ 251,098,623</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,148,377</u>	<u>\$ 189,864,012</u>	<u>\$ 153,084,197</u>	<u>\$ 327,758,486</u>



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

Fiscal Year	2005	2006	2007	2008
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ 119,793,827	\$ 133,987,045	\$ 150,039,060	\$ 143,257,146
State Program Revenues	23,122,683	22,682,597	42,219,530	76,512,048
Federal Program Revenues	8,547,946	10,147,115	10,200,702	10,415,910
Total Revenues	<u>151,464,456</u>	<u>166,816,757</u>	<u>202,459,292</u>	<u>230,185,104</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	74,022,243	83,696,336	99,014,752	111,993,575
Instructional Resources & Media Services	2,140,918	2,346,362	2,913,854	3,239,999
Curriculum & Instructional Staff Development	2,224,977	2,829,954	3,638,068	3,763,661
Instructional Leadership	1,817,353	1,904,669	2,271,008	2,348,385
School Leadership	6,502,651	7,464,006	8,627,707	9,679,769
Guidance, Counseling & Evaluation Services	4,947,120	5,712,210	6,774,735	7,635,916
Social Work Services	536,057	561,099	632,754	740,079
Health Services	1,203,879	1,336,361	1,544,966	1,827,758
Student (Pupil) Transportation	3,135,575	3,617,485	4,032,789	4,831,919
Food Services	176,246	186,469	231,689	183,583
Extracurricular Activities	2,546,728	2,987,461	3,502,983	4,220,912
General Administration	3,461,539	3,669,246	4,188,881	4,588,043
Plant Maintenance and Operations	14,133,826	17,238,447	17,876,607	18,808,249
Security and Monitoring Services	354,506	492,350	462,786	437,029
Data Processing Services	2,453,773	2,825,284	2,661,492	3,102,906
Community Services	315,470	270,282	259,349	147,304
<b>Debt Service:</b>				
Debt Service - Principal on long-term debt	7,362,097	7,918,135	7,937,021	9,886,213
Debt Service - Interest on long-term debt	13,391,929	15,705,164	16,800,106	19,599,292
Debt Service - Bond Issuance Cost and Fees	761,936	319,962	182,191	1,531,103
<b>Capital Outlay:</b>				
Facilities Acquisition and Construction	78,131,435	64,135,362	53,229,689	67,071,792
<b>Intergovernmental:</b>				
Payments to Fiscal Agent/Member Districts of SSA	171,500	241,100	212,557	226,800
Payments to Juvenile Justice Alternative Ed. Prg.	10,349	26,386	17,696	27,323
Total Expenditures	<u>219,802,107</u>	<u>225,484,130</u>	<u>237,013,680</u>	<u>275,891,610</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>				
Expenditures	<u>(68,337,651)</u>	<u>(58,667,373)</u>	<u>(34,554,388)</u>	<u>(45,706,506)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	307,881	2,337,598	518,746	500,000
Operating Transfers Out	(90,000)	-	(3,676)	-
Bonds Issued	118,501,120	-	155,250,686	167,444,769
Special Items/Other	-	-	139,355	59,730
Capital Lease Proceeds	-	-	-	-
Sale of Personal Property	8,694	36,871	22,905	7,558
Payments to Bond Refunding Escrow Agent	(57,924,808)	-	(62,817,342)	-
Extraordinary Items	-	-	(200,000)	-
Total Other Financing Sources (Uses)	<u>60,802,887</u>	<u>2,374,469</u>	<u>92,910,674</u>	<u>168,012,057</u>
Net Change in Fund Balances	<u>\$ (7,534,764)</u>	<u>\$ (56,292,904)</u>	<u>\$ 58,356,286</u>	<u>\$ 122,305,551</u>
Debt Service as a % of NonCapital Expenditures	<u>14.65%</u>	<u>14.64%</u>	<u>13.46%</u>	<u>14.12%</u>

2009	2010	2011	2012	2013	2014
\$ 148,777,634	\$ 150,706,517	\$ 153,347,264	\$ 156,862,515	\$ 162,378,579	\$ 170,363,784
77,299,153	82,085,642	86,136,834	87,702,084	83,819,960	86,320,940
9,568,866	20,593,887	21,414,943	16,371,413	12,151,734	13,039,484
<u>235,645,653</u>	<u>253,386,046</u>	<u>260,899,041</u>	<u>260,936,012</u>	<u>258,350,273</u>	<u>269,724,208</u>
123,120,094	129,393,866	130,139,204	126,202,752	129,657,486	138,160,344
3,517,721	3,568,334	3,611,056	3,531,023	3,579,185	3,791,605
4,188,221	4,626,641	4,294,608	3,683,180	3,952,219	3,805,665
2,377,497	2,731,993	2,815,403	2,443,133	2,443,167	2,412,505
10,646,188	10,633,829	10,663,907	10,011,536	10,876,235	11,184,491
8,882,223	9,695,325	9,693,117	9,429,079	9,936,571	10,558,117
782,188	683,759	674,725	600,940	661,562	701,850
2,055,987	2,137,451	2,129,084	2,068,641	2,069,221	2,225,129
4,868,941	4,977,969	4,582,663	4,798,576	5,933,765	4,873,891
193,650	205,511	216,441	212,456	222,785	257,377
4,843,463	5,155,006	5,174,715	5,271,013	5,225,717	5,690,673
5,324,987	5,702,588	5,904,559	6,017,696	6,081,955	6,434,591
20,829,234	20,273,709	20,672,274	19,964,472	19,629,213	20,458,235
490,413	551,780	588,702	625,486	709,408	798,731
3,502,871	3,296,016	3,160,312	3,590,466	3,684,953	3,586,921
335,440	505,830	521,489	579,863	769,513	779,939
13,152,727	13,107,975	15,590,289	17,713,901	19,212,047	21,316,366
26,828,735	26,608,270	26,779,044	26,003,427	24,506,771	25,049,036
588,176	151,737	662,675	1,255,135	1,153,027	1,845,847
84,481,660	58,957,368	9,228,018	12,818,274	43,305,949	37,542,474
187,200	231,000	255,750	232,500	263,500	270,600
13,261	6,853	6,853	6,408	13,350	3,827
<u>321,210,877</u>	<u>303,202,810</u>	<u>257,364,888</u>	<u>257,059,957</u>	<u>293,887,599</u>	<u>301,748,214</u>
<u>(85,565,224)</u>	<u>(49,816,764)</u>	<u>3,534,153</u>	<u>3,876,055</u>	<u>(35,537,326)</u>	<u>(32,024,006)</u>
1,001,982	90,000	230,264	140,730	6,472,625	3,175,047
(1,982)	(1,500)	(30,264)	(140,730)	(6,472,625)	(1,929,047)
31,875,000	-	27,547,209	111,586,989	69,985,174	202,403,367
839,362	(121,957)	(5,302)	-	-	-
-	-	-	-	-	-
46,090	27,379	251	39,904	151,751	72,256
(32,387,492)	-	(27,293,998)	(69,773,813)	(71,355,694)	-
-	-	(533,091)	(13,500)	(23,720)	2,976,672
<u>1,372,960</u>	<u>(6,078)</u>	<u>(84,931)</u>	<u>41,839,580</u>	<u>(1,242,489)</u>	<u>206,698,295</u>
<u>\$ (84,192,264)</u>	<u>\$ (49,822,842)</u>	<u>\$ 3,449,222</u>	<u>\$ 45,715,635</u>	<u>\$ (36,779,815)</u>	<u>\$ 174,674,289</u>
<u>16.89%</u>	<u>16.26%</u>	<u>17.07%</u>	<u>17.91%</u>	<u>17.44%</u>	<u>18.25%</u>

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

Fiscal Year	Real Property Assessed Value (1)	Personal Property Assessed Value (1)	Total Assessed Value (1)	Tax Rate (2)
2005	\$ 5,275,005	\$ 688,215	\$ 5,963,220	\$ 1.864
2006	5,898,923	766,277	6,665,200	1.864
2007	6,881,223	811,266	7,692,489	1.764
2008	7,735,366	1,041,659	8,777,025	1.434
2009	8,331,111	1,075,681	9,406,792	1.490
2010	8,680,792	868,974	9,549,766	1.490
2011	8,858,830	901,495	9,760,325	1.530
2012	8,675,314	1,025,753	9,701,067	1.530
2013	8,928,439	1,186,715	10,115,154	1.530
2014	9,383,722	1,210,725	10,594,447	1.530

(1) The assessed value is 100% of the estimated actual value.

(2) Per \$100 assessed value

Source of information: Denton Central Appraisal District

DENTON INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TAX RATES (PER \$100) (1)

Fiscal Year	Denton ISD Direct Rates			Overlapping Rates					
	Maintenance and Operations	Debt Service	Total	City of Denton	County of Denton	City of Corinth	Town of Flower Mound	City of Oak Point	Town of Bartonville
2005	1.500	.364	1.864	0.59815	0.25480	0.56062	0.4497	0.599	0.17944
2006	1.500	.364	1.864	0.60815	0.24648	0.55698	0.4497	0.589	0.19766
2007	1.370	.394	1.764	0.62652	0.23192	0.55698	0.4497	0.579	0.19294
2008	1.040	.394	1.434	0.66652	0.23589	0.55698	0.4497	0.579	0.19294
2009	1.04	.45	1.49	0.66652	0.23577	0.57698	0.4497	0.579	0.19294
2010	1.04	.45	1.49	0.66652	0.24980	0.57698	0.4497	0.573264	0.19294
2011	1.04	.49	1.53	0.68975	0.27390	0.59292	0.4497	0.573264	0.19294
2012	1.04	.49	1.53	0.68975	0.277357	0.59135	0.4497	0.573	0.19294
2013	1.04	.49	1.53	0.68975	0.282867	0.60489	0.4497	0.573	0.19294
2014	1.04	.49	1.53	0.68975	0.284914	0.60489	0.4497	0.573	0.19294

Note: Above rates include levies for operating and debt service costs.

(1) Source of information: Denton County website.

DENTON INDEPENDENT SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Description	2014		
		Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Columbia Medical Center	Hospital	\$ 92,210	1	0.87%
Target Corporation	Distribution Center	70,165	2	0.66%
Paccar Inc.	Truck Manufacturer	63,111	3	0.60%
Target Corporation	Retail Shopping	61,958	4	0.59%
Denton Fry LLC	Student Housing Mgmt	51,167	5	0.48%
Inland Western Crossing Ltd.	Retail Shopping	50,684	6	0.48%
Cypress Denton Station Ltd.	Residential Developer	45,936	7	0.43%
RR Marketplace LP	Retail Shopping	35,911	8	0.34%
Atmos Energy/Mid-Tex Pipline	Natural Gas	33,279	9	0.31%
HRA Univ Courtyard LLC	Apartment Leasing	31,855	10	0.30%
Anderson Merchandisers	Merch. Serv. Company			
TTHR Limited Partnership	Hospital			
Rayzor Ranch LP	Real Estate Development			
Verizon Southwest	Communications Tech.			
Sally Beauty Supply	Beauty Supplies Dist.			
The Timberlinks Apt LP	Apartment Leasing			
WalMart RE Business Trust	Retail Shopping			
TOTAL		\$ 536,276		5.06%

Source of information: Denton Central Appraisal District

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2005		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 53,147	2	0.89%
34,670	5	0.58%
30,829	6	0.52%
37,484	4	0.63%
76,691	1	1.29%
30,410	7	0.51%
39,253	3	0.66%
29,473	8	0.49%
28,437	9	0.48%
21,146	10	0.35%
<u>\$ 381,540</u>		<u>6.40%</u>

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

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<u>Levy Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2004	\$ 111,154	\$ 108,693	97.8%	\$ 2,180	\$ 110,873
2005	124,239	120,756	97.2%	3,216	123,972
2006	135,695	132,685	97.8%	2,718	135,403
2007	125,862	123,303	97.9%	2,120	125,423
2008	140,161	136,754	97.6%	2,747	139,501
2009	142,291	139,947	98.4%	1,634	141,581
2010	145,429	143,143	98.4%	2,293	145,436
2011	148,426	146,577	98.8%	1,997	148,574
2012	154,762	152,993	98.8%	1,863	154,856
2013	162,095	160,468	99.0%	1,796	162,264

Total Collected as % of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as % of Tax Levy
99.75%	\$ 281	0.25%
99.79%	267	0.21%
99.78%	292	0.22%
99.65%	439	0.35%
99.53%	660	0.47%
99.50%	710	0.50%
100.01%	2,286	1.57%
100.10%	1,849	1.25%
100.06%	1,769	1.14%
100.10%	1,627	1.00%



DENTON INDEPENDENT SCHOOL DISTRICT  
 OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Bonded Debt	Population	Gross Bonded Debt Per Capita	Personal Income (thousands of dollars)	Gross Bonded Debt as % of Personal Income	Estimated Actual Value - Real and Personal Property (thousands of dollars)
2005	\$429,943,907	103,220	\$ 4,165	\$ 2,269,292	18.94%	\$ 5,963,220
2006	425,646,385	108,381	3,927	2,410,068	17.66%	6,665,200
2007	509,811,074	113,800	4,480	2,590,088	19.68%	7,692,489
2008	655,386,086	116,500	5,626	2,710,000	24.18%	8,777,025
2009	644,064,741	118,994	5,413	2,641,786	24.38%	9,406,792
2010	631,542,540	122,830	5,142	2,793,031	22.61%	9,549,766
2011	631,490,966	113,383	5,569	2,595,450	24.33%	9,760,325
2012	651,961,951	117,187	5,563	2,521,981	25.85%	9,701,067
2013	691,479,160	121,123	5,709	2,857,534	24.20%	10,115,154
2014	874,114,064	123,099	7,101	2,703,008	32.34%	10,594,447

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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Gross Debt  
as % of  
Estimated  
Actual Value

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7.21%

6.39%

6.63%

7.47%

6.85%

6.61%

6.47%

6.72%

6.83%

8.25%

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DENTON INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2014  
(UNAUDITED)

Taxing Body	Debt Outstanding	% Overlapping (1)	Amount Overlapping
Bartonville, Town of	\$ 570,000	45.77%	\$ 260,889
Copper Canyon, Town of	1,620,000	31.86%	516,132
Corinth, City of	18,453,859	56.56%	10,437,503
Denton, City of	114,715,349	96.68%	110,906,799
Denton County	591,585,000	18.74%	110,863,029
Denton Co. FWSD #6	56,205,818	100.00%	56,205,818
Denton Co. FWSD #7	43,604,540	100.00%	43,604,540
Denton Co. FWSD #8-A	9,720,128	100.00%	9,720,128
Denton Co. FWSD #8-B	11,765,000	100.00%	11,765,000
Denton Co. FWSD #10	44,294,281	84.17%	37,282,496
Denton Co. FWSD #11-A	27,866,690	100.00%	27,866,690
Denton Co. FWSD #11-B	2,630,000	100.00%	2,630,000
Denton Co. MUD #4	8,925,000	100.00%	8,925,000
Denton Co. MUD #5	2,060,000	100.00%	2,060,000
Flower Mound, Town of	78,760,260	0.76%	598,578
Oak Point, City of	450,000	41.83%	188,235
Providence Village WC & ID	25,270,000	48.46%	<u>12,245,842</u>
Total Overlapping Debt			446,076,679
Denton ISD	874,114,064	100.00%	<u>874,114,064</u>
Total Overlapping and Direct Debt			<u>\$1,320,190,743</u>

Source of information: Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Denton Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

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

Fiscal Year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Assessed Value	<u>\$5,963,219,528</u>	<u>\$6,665,199,839</u>	<u>\$7,692,488,889</u>	<u>\$8,777,025,035</u>
Debt Limit (10% of Total Assessed Value)	<u>\$ 596,321,953</u>	<u>\$ 666,519,984</u>	<u>\$ 769,248,889</u>	<u>\$ 877,702,503</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 428,099,441	\$ 420,557,326	\$ 518,383,217	\$ 666,712,004
Less Net Position in Debt Service Fund	<u>14,964,876</u>	<u>16,686,050</u>	<u>24,503,593</u>	<u>31,828,436</u>
Total Amount of Debt Applicable to Debt Limit	<u>413,134,565</u>	<u>403,871,276</u>	<u>493,879,624</u>	<u>634,883,568</u>
Legal Debt Margin	<u>\$ 183,187,388</u>	<u>\$ 262,648,708</u>	<u>\$ 275,369,265</u>	<u>\$ 242,818,935</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	69.28%	60.59%	64.20%	72.33%

Note: Under state finance law, Denton Independent School District's outstanding general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>\$9,406,791,745</u>	<u>\$9,549,766,309</u>	<u>\$9,760,324,966</u>	<u>\$9,701,066,797</u>	<u>\$10,115,153,791</u>	<u>\$10,594,446,862</u>
<u>\$ 940,679,174</u>	<u>\$ 954,976,630</u>	<u>\$ 976,032,496</u>	<u>\$ 970,106,679</u>	<u>\$ 1,011,515,379</u>	<u>\$ 1,059,444,686</u>
<u>\$ 653,259,277</u>	<u>\$ 640,151,302</u>	<u>\$ 623,946,013</u>	<u>\$ 642,485,696</u>	<u>\$ 622,993,649</u>	<u>\$ 790,107,283</u>
<u>34,131,436</u>	<u>38,048,039</u>	<u>42,142,928</u>	<u>47,127,851</u>	<u>50,832,071</u>	<u>56,166,524</u>
<u>619,127,841</u>	<u>602,103,263</u>	<u>581,803,085</u>	<u>595,357,845</u>	<u>572,161,578</u>	<u>733,940,759</u>
<u>\$ 321,551,333</u>	<u>\$ 352,873,367</u>	<u>\$ 394,229,411</u>	<u>\$ 374,748,834</u>	<u>\$ 439,353,801</u>	<u>\$ 325,503,927</u>
65.82%	63.05%	59.61%	61.37%	56.56%	69.27%

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

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Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
2005	103,220	\$ 2,269,292	\$ 21,985	3.30%
2006	108,381	2,410,068	22,237	3.50%
2007	113,800	2,590,088	22,760	3.40%
2008	116,500	2,710,000	23,262	3.50%
2009	118,994	2,641,786	22,201	6.00%
2010	122,830	2,793,031	22,739	6.90%
2011	113,383	2,595,450	22,891	7.30%
2012	117,187	2,521,981	21,521	6.40%
2013	121,123	2,857,534	23,592	5.80%
2014	123,099	2,703,008	21,958	3.90%

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

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

School Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Early Childhood Facilities</b>										
Buildings	1	1	1	1	2	2	3	3	3	3
Square Foot	41,200	41,200	41,200	41,200	49,418	49,418	109,809	109,809	109,809	109,809
Maximum capacity	315	315	315	315	385	499	1,134	1,134	1,134	1,134
Enrollment	486	492	508	506	498	388	813	921	953	729
<b>Elementary Schools</b>										
Buildings	14	15	16	18	20	20	21	21	21	21
Square Foot	1,102,226	1,272,274	1,273,042	1,433,710	1,568,266	1,643,788	1,739,469	1,741,161	1,755,811	1,755,811
Maximum capacity	11,340	12,150	12,960	14,580	12,932	15,977	16,878	16,898	16,984	16,984
Enrollment	8,374	9,211	9,862	10,485	11,254	11,508	11,927	12,275	12,567	12,652
<b>Middle Schools</b>										
Buildings	4	4	5	5	6	6	6	6	6	7
Square Foot	712,788	727,928	889,255	889,255	1,043,400	1,065,553	1,065,553	1,073,503	1,073,503	1,254,977
Maximum capacity	4,000	4,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000
Enrollment	3,693	3,872	4,146	4,416	4,767	4,976	5,104	5,335	5,583	5,860
<b>High Schools</b>										
Buildings	4	5	5	5	5	5	5	5	5	5
Square Foot	814,418	1,227,150	1,243,116	1,244,616	1,365,316	1,487,176	1,487,176	1,487,176	1,533,548	1,533,548
Maximum capacity	6,135	6,135	6,135	6,135	10,166	10,166	10,166	10,166	10,166	10,166
Enrollment	4,320	4,729	5,145	5,419	5,497	5,685	5,988	6,207	6,611	6,806
<b>Administration</b>										
Buildings	8	9	10	10	10	10	10	10	10	10
Square Foot	292,963	258,779	379,479	388,795	268,095	268,095	274,239	274,239	274,849	274,849
<b>Transportation</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square Foot	14,336	14,336	14,336	14,336	14,336	14,336	14,336	14,336	14,336	14,336
Buses	139	139	139	139	188	152	163	171	186	188
<b>Totals for DISD</b>										
Buildings	32	35	38	40	44	44	46	46	46	47
Square Foot	2,977,931	3,541,667	3,840,428	4,011,912	4,308,831	4,528,366	4,690,582	4,700,224	4,761,856	4,943,330
Maximum capacity	21,790	22,600	24,410	26,030	29,483	32,642	34,178	34,198	34,284	35,284
Enrollment	16,873	18,304	19,661	20,826	22,016	22,557	22,832	24,738	25,714	26,047
<b>Athletics</b>										
Football Stadiums	4	4	4	4	4	4	4	4	4	4
Track Field	3	3	3	3	3	3	3	3	3	3
Baseball Fields	3	3	3	3	3	3	3	3	3	3
Softball Fields	3	3	3	3	3	3	3	3	3	3
Tennis Court Sites	8	8	8	8	8	8	8	8	8	10
Swimming Pools	1	1	1	1	1	1	1	1	1	1

Source of information: District records



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

Employer	Description	2014		Percentage of Total City Employment
		Employees	Rank	
University of North Texas	University	8,738	1	12.75%
Denton Independent School District	School District	3,800	2	5.55%
Peterbilt Motors	Truck Manufacturer	2,100	3	3.06%
Denton State Supported Living Center	State Agency	1,700	4	2.48%
Texas Woman's University	University	1,672	5	2.44%
Denton County	County Government	1,581	6	2.31%
City of Denton	Municipal Government	1,300	7	1.90%
Texas Health Presbyterian of Denton	Hospital/Healthcare	1,076	8	1.57%
Denton Regional Medical Center	Hospital/Healthcare	950	9	1.39%
Sally Beauty Company, Inc.	Beauty Supplies Dist.	950	10	1.39%
FEMA	Call Center			
Denton Community Hospital	Hospital			
TOTAL		<u>23,867</u>		<u>34.84%</u>

Source of Information: North Central Texas Council of Governments, Office of Economic Development, Denton Chamber of Commerce and U.S. Dept. of Labor

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2005		
Employees	Rank	Percentage of Total City Employment
6,937	1	12.08%
2,461	2	4.28%
1,800	3	3.13%
1,450	4	2.52%
897	7	1.56%
1,409	5	2.45%
1,125	6	1.96%
770	9	1.34%
800	8	1.39%
550	10	0.96%
<u>18,199</u>		<u>31.67%</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
2004-2005	16,873	\$ 108,388,470	\$ 6,424	0.99%	1,219	13.8
2005-2006	18,304	123,320,070	6,737	4.88%	1,375	13.3
2006-2007	19,661	144,630,928	7,356	9.19%	1,515	13.0
2007-2008	20,826	163,170,071	7,835	6.51%	1,631	12.77
2008-2009	22,016	182,054,326	8,269	5.54%	1,791	12.29
2009-2010	22,557	182,484,305	8,090	-2.16%	1,827	12.35
2010-2011	23,832	183,960,787	7,719	-4.58%	1,835.5	12.98
2011-2012	24,738	182,115,069	7,362	-4.63%	1,763.2	14.03
2012-2013	25,714	192,780,903	7,497	1.83%	1,794.5	14.33
2013-2014	26,047	203,934,449	7,829	4.43%	1,898.4	13.72

Source of Information: Texas Academic Performance Report

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<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
6,451	2,549	36.08%
6,797	2,829	36.94%
7,475	3,046	37.10%
7,830	3,208	37.57%
8,519	3,389	37.65%
8,951	3,255	40.91%
9,892	3,433	40.77%
10,689	3,564	41.91%
11,063	3,695	42.84%
11,022	3,751	44.23%

DENTON INDEPENDENT SCHOOL DISTRICT  
STAFF INFORMATION  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Total Professional Staff</u>	<u>Educational Aides</u>
2004-2005	1,219.2	269.3	57.8	17.0	1,563.3	187.4
2005-2006	1,375.2	279.0	63.5	27.0	1,744.7	198.3
2006-2007	1,514.9	316.3	71.4	28.0	1,930.6	215.1
2007-2008	1,630.5	348.0	79.0	24.0	2,081.5	235.3
2008-2009	1,791.0	364.0	87.0	28.0	2,270.0	250.3
2009-2010	1,826.5	389.5	87.0	27.0	2,330.0	217.4
2010-2011	1,835.5	418.6	88.7	18.0	2,360.8	257.3
2011-2012	1,763.2	394.8	84.7	15.0	2,257.7	210.7
2012-2013	1,794.5	427.0	86.9	13.3	2,321.7	217.5
2013-2014	1,898.4	425.0	89.0	13.6	2,426.0	247.3

Source of Information: Texas Academic Performance Report

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<u>Auxiliary Staff</u>	<u>Total Staff</u>	<u>% Change</u>
515.0	2,265.7	3.08%
514.4	2,457.4	8.46%
535.4	2,681.1	9.10%
631.7	2,948.5	9.97%
729.1	3,249.4	10.21%
669.7	3,217.1	-0.99%
648.1	3,266.2	1.52%
598.8	3,067.2	-6.09%
588.0	3,127.2	1.96%
552.9	3,226.2	3.16%

DENTON INDEPENDENT SCHOOL DISTRICT  
TEACHERS SALARY DATA  
JUNE 30, 2014

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 48,750	\$ 50,500	\$ 52,250
1	49,225	50,975	52,725
2	50,025	51,775	53,525
3	50,425	52,175	53,925
4	50,625	52,375	54,125
5	50,825	52,575	54,325
6	51,025	52,775	54,525
7	51,225	52,975	54,725
8	51,425	53,175	54,925
9	51,625	53,375	55,125
10	51,825	53,575	55,325
11	52,025	53,775	55,525
12	52,225	53,975	55,725
13	52,425	54,175	55,925
14	52,625	54,375	56,125
15	53,175	54,925	56,675
16	53,375	55,125	56,875
17	53,575	55,325	57,075
18	53,775	55,525	57,275
19	54,645	56,395	58,145
20	55,845	57,595	59,345
21	56,615	58,365	60,115
22	57,825	59,575	61,325
23	59,085	60,835	62,585
24	60,305	62,055	63,805
25+	61,505	63,255	65,005

Average Salary by Years of Experience

Beginning Teachers	\$ 47,140
1-5 Years of Experience	\$ 49,581
6-10 Years of Experience	\$ 50,586
11-20 Years of Experience	\$ 52,401
Over -20 Years of Experience	\$ 62,784

Average Actual Salaries

Teachers	\$ 52,350
Professional Staff	\$ 58,992
Campus Administration	\$ 75,374
Central Administration	\$ 116,711

DENTON INDEPENDENT SCHOOL DISTRICT  
 ENROLLMENT AND ATTENDANCE DATA  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

	Enrollment		Average Daily Attendance		
	Amount	Percent of Increase	Amount	Percent of Increase	Percent of Enrollment
2004/05	16,873	5.80%	15,725	5.93%	93.20%
2005/06	18,304	8.48%	17,113	8.83%	93.50%
2006/07	19,661	7.41%	18,427	7.68%	93.72%
2007/08	20,826	5.93%	19,537	6.02%	93.81%
2008/09	22,016	5.71%	20,659	5.74%	93.84%
2009/10	22,557	2.46%	21,299	3.10%	94.42%
2010/11	23,832	5.65%	22,454	5.42%	94.22%
2011/12	24,738	3.80%	23,440	4.39%	94.75%
2012/13	25,714	3.95%	24,088	2.76%	93.68%
2013/14	26,047	1.29%	24,625	2.23%	94.54%

Source of information: Annual Superintendent's Report prepared for Texas Education Agency, 2013-14  
 Texas Academic Performance Report, and PEIMS Data Review.



DENTON INDEPENDENT SCHOOL DISTRICT  
 MISCELLANEOUS STATISTICAL DATA  
 JUNE 30, 2014  
 (UNAUDITED)

Date of Organizaton: 1884

Forms of Government: Independent School District

Number of Employees:

Teachers	1898
Other Professional	528
Paraprofessionals	247
Auxiliary	553
	<u>3226</u>

Denton Independent School District Facilities and Services:

Education services to grades pre-kindergarten through twelve; all grade levels fully accredited by both the Texas Education Agency and Southern Association of College and Schools.

Total square feet-campus	4,943,330
Total acreage-campus	803.24
Total acreage-future growth	469.07

Facilities include:

	Maximum Capacity	2013-14 Enrollment	Number of Facilities
Senior high schools	10,166	6,806	5
Middle schools	7,000	5,860	7
Elementary schools	16,984	12,652	21
Early childhood	1,134	729	3
Total	35,284	26,047	36
Central services and annex			4
Special education services			1
Maintenance/Transportation			2
Natatorium			1
Technology Center			1
Athletic stadium complex			1
AEP facility			1
Total Facilities			47

Student Data:

National Merit Scholars Class of 2014	
Semi-finalists	1
Commended	15

# ***SINGLE AUDIT SECTION***

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Denton Independent School District  
Denton, Texas 76201

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denton Independent School District, as of and for the year ended June 30, 2014, 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 11, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Hankins, Eastup, Deaton, Tonn & Seay*

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

November 11, 2014

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

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees  
Denton Independent School District  
Denton, Texas 76201

**Report on Compliance for Each Major Federal Program**

We have audited Denton Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. Denton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Denton Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Denton Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Denton Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of Denton Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Denton Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Denton Independent School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

November 11, 2014

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
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: Unqualified.
6. Did the audit disclose findings which are required to be reported under Section .510(a)2-7 of OMB Circular A-133: No
7. Major programs include:  
  
Child Nutrition Cluster:  
CFDA 10.553 School Breakfast Program  
CFDA 10.555 National School Lunch Program  
CFDA 10.559 Summer Feeding Program  
  
CFDA 84.367A ESEA, Title II, Part A, Teacher/Principal Training
8. Dollar threshold used to distinguish between Type A and Type B programs: \$457,023.
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, 2014

No prior year findings.



DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
ROTC	12.000	01-061901	\$ 200,284
Total Direct Programs			\$ 200,284
<b>TOTAL DEPARTMENT OF DEFENSE</b>			<b>\$ 200,284</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed through Texas Woman's University</u>			
Investing in Innovation (i3) Fund - ARRA	84.411	U396A100027	\$ 10,603
Total Passed through Texas Woman's University			\$ 10,603
<u>Passed through University of North Texas</u>			
Title III, Part A - English Language Acq-Nexus	84.365	T365Z120143	\$ 6,334
Total Passed through University of North Texas			\$ 6,334
<u>Passed through Texas Workforce Commission</u>			
SSA-Adult Education (ABE) - Federal	84.002	0414ABE001	\$ 295,425
SSA-Temporary Assistance for Needy Families	93.558	0414ABE001	13,343
Total Passed through Texas Workforce Commission			\$ 308,768
<u>Passed Through State Department of Education</u>			
SSA - Adult Education (ABE) - Federal	84.002	134100017110464	\$ 55,004
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101061901	7,729
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101061901	2,671,808
*ESEA, Title I, Part D, Subpart 2	84.010A	13610103061901	726
*ESEA, Title I, Part D, Subpart 2	84.010A	14610103061901	180,898
Total CFDA Number 84.010A			2,861,161
Total Title I, Part A Cluster			2,861,161
*IDEA - Part B, Formula	84.027	136600010619016600	69,207
*IDEA - Part B, Formula	84.027	146600010619016600	3,294,288
*SSA - IDEA - Part B, Discretionary	84.027	146600020619016673	29,837
*SSA - IDEA - Part B, Deaf	84.027	146600010619016601	26,121
Total CFDA Number 84.027			3,419,453
*IDEA - Part B, Preschool	84.173	136610010619016610	10
*IDEA - Part B, Preschool	84.173	146610010619016610	57,126
*SSA - IDEA - Part B, Preschool Deaf	84.173	146610010619016611	4,256
Total CFDA Number 84.173			61,392
Total Special Education Cluster (IDEA)			3,480,845
SSA - Career and Technical - Basic Grant	84.048	14420006061901	230,502
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	143911010619013911	1,409
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	146950167110013	116,941
International Baccalaureate Exam Fees	84.330	51061301	1,662
Title III, Part A - English Language Acquisition	84.365A	13671001061901	13,209
Title III, Part A - English Language Acquisition	84.365A	14671001061901	333,474
Total CFDA Number 84.365A			346,683
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501061901	24,481
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501061901	438,501
Total CFDA Number 84.367A			462,982
Summer School LEP	84.369A	69551302	16,476

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total Passed Through State Department of Education			\$ 7,573,665
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 7,899,370</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061901	\$ 106,097
Head Start	93.600	06CH5416/48	1,216,305
Total Direct Programs			<u>\$ 1,322,402</u>
<u>Passed Through State Department of Education</u>			
SSA - Temporary Assistance for Needy Families	93.558	13625017110438	\$ 1,900
Total Passed Through State Department of Education			<u>\$ 1,900</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 1,324,302</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401401	\$ 1,126,851
*National School Lunch Program - Cash Assistance	10.555	71301401	4,121,709
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301401	455,732
Total CFDA Number 10.555			<u>4,577,441</u>
*Summer Feeding Program - Cash Assistance	10.559	TX061-1401	105,878
Total Child Nutrition Cluster			<u>5,810,170</u>
Total Passed Through the State Department of Agriculture			<u>\$ 5,810,170</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 5,810,170</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 15,234,126</b>

\*Clustered Programs

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2014

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

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The period of availability for federal grant funds for the purposes of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in OMB Circular A-133 Compliance Supplement.
5. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total Expenditures of Federal Awards	\$15,234,126
Indirect Costs	637,367
Federal Excise Tax Rebate	98,299
Medicaid Reimbursement	<u>2,773,984</u>
 Federal Revenues per Financial Statements	 <u>\$18,743,776</u>

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