

**DENTON INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED JUNE 30, 2015**

DENTON INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

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CERTIFICATE OF BOARD

Denton Independent School District  
Name of School District

Denton  
County

061-901  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended June 30, 2015, at a meeting of the Board of Trustees of such school district on the \_\_\_\_ day of November, 2015.

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

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

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

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

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denton Independent School District (the District), as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position and cash flows and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 11 to the financial statements, in 2015, the District adopted new accounting guidance prescribed by GASB #68 for its pension plan - a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. Because GASB #68 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements. Exhibit A-1 discloses the District's Net Pension Liability and some deferred resource outflows and deferred resource inflows related to the District's pension plan. Exhibit B-1 discloses the adjustment to the District's Beginning Net Position. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 7 through 14 and the Teacher Retirement System schedules on pages 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of Denton Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton Independent School District's internal control over financial reporting and compliance.

*Hankins, Eastup, Deaton, Tonn & Seay*

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

November 10, 2015

**DENTON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015  
(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, 2015. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 17.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Denton Independent School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$20,455,090 (net position). Included in the total is \$5,948,721 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 \$17,556,561 during the fiscal year from the results of current year operations. However, total net position also decreased by \$35,299,811 due to new standards that required recording of the District's proportionate share of the Teacher Retirement System's net pension liability.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$277,849,422. Over 23% of this total amount (\$64,686,288) is unassigned and available for use within the District's commitments and policies.
- At the end of the current fiscal period, the unassigned fund balance of the general fund of \$64,686,288 was 30.48% of the total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 17 through 19). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 20) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.



The notes to the financial statements (starting on page 33) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

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

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

The analysis of the District's overall financial condition and operations begins on page 17. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

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

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

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

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

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

### **Fund Financial Statements**

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

The fund financial statements begin on page 20 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

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

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains thirty 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-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.
- **Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and the print shop.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on page 32. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities decreased from \$34,872,307 to \$18,575,777, primarily due to recording of the District's proportionate share of the Teacher Retirement System's net pension liability of \$33,550,000. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$5,281,231 at June 30, 2015. The increase in governmental activities net position from current operations was \$17,253,470. This increase was the result of several factors. First, the District's revenues exceeded expenditures by \$33,093,605 (as adjusted for the effects of capital outlay and debt service payments.) However, the District recorded depreciation expense, which is a non-cash expense that reduces the carrying value of District assets, in the amount of \$23,083,361. Also, various adjustments totaling \$7,243,226 were posted to revenues and expenses to account for prepaid expenses, interest accruals and tax revenues earned during the period under the full accrual method of accounting.

In 2015, net position of our business-type activities increased by \$303,091 or 9.1 percent from the results of current year operations. This increase is relatively insignificant to the overall operations of the District, but it represents significant services to the community through the Child Nutrition program and the athletic stadium concession activities. Net position of the business-type activities also decreased \$1,749,811 due to recording of the Child Nutrition program's proportionate share of the Teacher Retirement System's net pension liability.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	325,054,594	369,902,756	2,725,429	2,434,574	327,780,023	372,337,330
Capital assets	603,189,771	568,618,911	1,211,823	1,333,128	604,401,594	569,952,039
Total assets	928,244,365	938,521,667	3,937,252	3,767,702	932,181,617	942,289,369
Deferred outflows of resources	31,068,679	11,586,235	331,875	-	31,400,554	11,586,235
Total assets and deferred outflows of resources	959,313,044	950,107,902	4,269,127	3,767,702	963,582,171	953,875,604
Long-term liabilities	886,000,419	875,449,627	1,524,853	-	887,525,272	875,449,627
Other liabilities	45,793,325	39,785,968	398,509	441,669	46,191,834	40,227,637
Total liabilities	931,793,744	915,235,595	1,923,362	441,669	933,717,106	915,677,264
Deferred inflows of resources	8,943,523	-	466,452	-	9,409,975	-
Total liabilities and deferred inflows of resources	940,737,267	915,235,595	2,389,814	441,669	943,127,081	915,677,264
Net Position:						
Net investment in capital assets	(47,396,513)	(59,743,833)	1,211,823	1,333,128	(46,184,690)	(58,410,705)
Restricted	60,691,059	57,205,391	-	-	60,691,059	57,205,391
Unrestricted	5,281,231	37,410,749	667,490	1,992,905	5,948,721	39,403,654
Total net position	18,575,777	34,872,307	1,879,313	3,326,033	20,455,090	38,198,340

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	3,455,288	6,145,847	3,556,737	3,300,464	7,012,025	9,446,311
Operating grants and contributions	29,843,843	26,818,264	6,127,097	5,704,292	35,970,940	32,522,556
<b>General Revenues:</b>						
Maintenance and operations taxes	124,715,983	110,871,393	-	-	124,715,983	110,871,393
Debt service taxes	59,784,930	52,151,214	-	-	59,784,930	52,151,214
State aid - formula grants	73,253,961	75,113,566	-	-	73,253,961	75,113,566
Grants and Contributions	319,157	1,322,103	-	-	319,157	1,322,103
Investment Earnings	151,411	85,849	847	994	152,258	86,843
Miscellaneous	253,021	285,204	-	-	253,021	285,204
<b>Total Revenue</b>	<b>291,777,594</b>	<b>272,793,440</b>	<b>9,684,681</b>	<b>9,005,750</b>	<b>301,462,275</b>	<b>281,799,190</b>
<b>Expenses:</b>						
Instruction, curriculum and media services	169,580,077	162,667,004	-	-	169,580,077	162,667,004
Instructional and school leadership	15,816,833	15,218,321	-	-	15,816,833	15,218,321
Student support services	20,654,594	20,068,786	-	-	20,654,594	20,068,786
Food Services	229,921	169,939	9,315,767	9,227,871	9,545,688	9,397,810
Cocurricular activities	5,959,471	6,092,564	65,823	58,672	6,025,594	6,151,236
General administration	5,258,341	5,736,385	-	-	5,258,341	5,736,385
Plant maintenance, security & data processing	29,761,071	27,370,829	-	-	29,761,071	27,370,829
Community services	903,044	841,290	-	-	903,044	841,290
Debt services	24,834,487	29,914,489	-	-	24,834,487	29,914,489
Intergovernmental charges	1,558,747	1,491,988	-	-	1,558,747	1,491,988
<b>Total Expenses</b>	<b>274,556,586</b>	<b>269,571,595</b>	<b>9,381,590</b>	<b>9,286,543</b>	<b>283,938,176</b>	<b>278,858,138</b>
Increase (decrease) in net position before transfers and special items	17,221,008	3,221,845	303,091	(280,793)	17,524,099	2,941,052
Transfers in	32,462	-	-	-	32,462	-
Net Position – beginning of year	34,872,307	31,650,462	3,326,033	3,606,826	38,198,340	35,257,288
Prior period adjustment	(33,550,000)	-	(1,749,811)	-	(35,299,811)	-
<b>Net Position – end of year</b>	<b>18,575,777</b>	<b>34,872,307</b>	<b>1,879,313</b>	<b>3,326,033</b>	<b>20,455,090</b>	<b>38,198,340</b>

- The Board of Trustees maintained the maintenance and operation property tax rate of \$1.04 for the fiscal year 2014-2015. This is the maximum rate allowed by law without a rollback election. The debt service rate was set at \$0.50. The total tax rate necessary to fund the 2014-2015 budget was \$1.54.
- The District continues to experience an increase in property values over the prior year. The actual increase in certified and under review values for 2014 was \$1,134,848,961 or 11.83%.
- The District has worked with Texas Association of School Boards (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 included \$2,880,558 for pay adjustments. Additionally, the District's Teacher Retirement System (TRS) contribution increased 1.5% on certain salaries. There were additional staffing costs related to the opening of Dorothy Adkins Elementary School.

The cost of all governmental activities for the current fiscal period was \$274,556,586. 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 \$184,500,913 because some of the costs were paid by those who directly benefited from the programs (\$3,455,288) or by other governments and organizations that subsidized certain programs with grants and contributions (\$29,843,843) or by State equalization funding (\$73,253,961).

## 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 \$277,849,422 a decrease of \$49,909,064. Approximately 30 percent of this total amount (\$84,365,139) 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 (\$59,552,880), or for capital projects (\$133,632,078), or already spent on prepaid items (\$140,316), inventories (\$158,009) 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 \$64,686,288, while the total fund balance was \$81,795,330. 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 30.48 percent of the total general fund expenditures, while the total fund balance represents 38.54 percent of that same amount.

The fund balance of the District's general fund increased by \$5,135,467 during the current fiscal year, compared to a \$3,014,464 increase in the previous year. Key factors related to this change are as follows:

- A \$13,721,989 increase in property tax revenues combined with a \$3,424,565 decrease in the state foundation and per capita funding contributed to a \$11,640,213 overall increase in total revenues. Expenditures increased \$8,281,968 or 4.06% with increases in most functional categories.
- \$347,029 of general fund monies were transferred to the capital projects fund to set aside for future capital replacement needs, compared to \$1,929,047 transferred in the previous year.

The debt service fund has a total fund balance of \$59,552,880, 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 \$3,386,356, compared to a \$5,334,453 increase in the previous year. Tax revenues were \$7,548,325 higher than the previous year, but debt service expenditures were \$10,431,096 higher as well.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund decreased by \$58,530,206 due primarily to amounts 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, 2014). 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 \$81,795,330 reported on page 20 differs from the General Fund's budgetary fund balance of \$70,143,141 reported in the budgetary comparison schedule on page 28. This is principally due to cost savings in all functional expenditure categories.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the District had \$603,189,771 (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 \$34,570,860, or 6.08 percent, above last year.

This fiscal year's major additions included:

Initial construction costs on a new high school, paid for with proceeds of general obligation bonds issued in a prior year.	\$39,663,138
Final construction costs on a new elementary school, paid for with proceeds of general obligation bonds issued in a prior year.	3,751,978
Land purchases	<u>6,493,932</u>
Totaling	<u>\$49,909,048</u>

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

### Debt Administration

At year-end, the District had \$801,922,265 in bonds outstanding (including accreted interest on bonds) versus \$833,787,958 last year—a decrease of 3.82 percent. New debt was incurred during the fiscal period through the issuance of two refunding bond series. The District's underlying rating for unlimited tax bonds is "AA" by S&P, and "AA-" by Fitch but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

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 \$1,182,326,844, which is significantly in excess of the District's outstanding general obligation debt.

Other obligations include accrued vacation benefits and special termination benefits. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

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

The Board of Trustees of the Denton Independent School District adopted a total tax rate of \$1.54 per \$100 of assessed value for 2015-2016. The M & O tax rate will remain at \$1.04. The debt service tax rate will remain at \$0.50 for a total rate of \$1.54. The District's certified values increased \$866,128,019 or 8.08% for 2015.

State funding for 2015-2016 is projected to be \$79,113,114 or 35.77% of the total budget compared to \$84,056,041 or 40.46% for 2014-2015.

During the 2012-2013 school year the District worked with TASB to examine pay equity for employees and to determine if pay practices were internally fair and externally competitive. Several adjustments were implemented during the 2013-2014 school year as well as the 2014-2015 school year. The Salary Compensation Plan includes \$4,031,895 in the proposed budget. The District also increased the Teacher Retirement System (TRS) insurance contribution by \$25 per month per eligible employee. The proposed budget includes preliminary staffing for the startup of Braswell High School.

The main focus for the 2015-2016 budget was the projected increase in student enrollment of 2.91% while maintaining current programs. Denton ISD will receive approximately \$4,942,927 less in state funding for 2015-2016 than in the prior year's adopted budget. Property tax collections are expected to increase by \$16,634,303.

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

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

## BASIC FINANCIAL STATEMENTS



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DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 304,420,588	\$ 2,472,514	\$ 306,893,102
1220 Property Taxes Receivable (Delinquent)	3,919,803	-	3,919,803
1230 Allowance for Uncollectible Taxes	(167,570)	-	(167,570)
1240 Due from Other Governments	16,241,197	111,216	16,352,413
1260 Internal Balances	163,142	(163,142)	-
1290 Other Receivables, net	81,303	12,868	94,171
1300 Inventories	176,934	291,973	468,907
1410 Prepayments	204,989	-	204,989
Capital Assets:			
1510 Land	45,228,616	-	45,228,616
1520 Buildings, Net	498,146,955	-	498,146,955
1530 Furniture and Equipment, Net	9,483,151	1,211,823	10,694,974
1580 Construction in Progress	50,331,049	-	50,331,049
1990 Other Assets	14,208	-	14,208
1000 Total Assets	<u>928,244,365</u>	<u>3,937,252</u>	<u>932,181,617</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
1701 Deferred Charge for Refunding	24,706,011	-	24,706,011
1705 Deferred Outflow Related to TRS	6,362,668	331,875	6,694,543
1700 Total Deferred Outflows of Resources	<u>31,068,679</u>	<u>331,875</u>	<u>31,400,554</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	11,780,642	40,448	11,821,090
2150 Payroll Deductions & Withholdings	190,646	-	190,646
2160 Accrued Wages Payable	22,275,784	40,608	22,316,392
2200 Accrued Expenses	10,677,983	-	10,677,983
2300 Unearned Revenue	868,270	317,453	1,185,723
Noncurrent Liabilities			
2501 Due Within One Year	31,584,455	-	31,584,455
2502 Due in More Than One Year	825,179,507	-	825,179,507
2540 Net Pension Liability (District's Share)	29,236,457	1,524,853	30,761,310
2000 Total Liabilities	<u>931,793,744</u>	<u>1,923,362</u>	<u>933,717,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2605 Deferred Inflow Related to TRS	8,943,523	466,452	9,409,975
2600 Total Deferred Inflows of Resources	<u>8,943,523</u>	<u>466,452</u>	<u>9,409,975</u>
<b>NET POSITION</b>			
3200 Net Investment in Capital Assets	(47,396,513)	1,211,823	(46,184,690)
Restricted:			
3850 Restricted for Debt Service	59,552,880	-	59,552,880
3870 Restricted for Campus Activities	1,138,179	-	1,138,179
3900 Unrestricted	5,281,231	667,490	5,948,721
3000 Total Net Position	<u>\$ 18,575,777</u>	<u>\$ 1,879,313</u>	<u>\$ 20,455,090</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, 2015

Data Control Codes	1  Expenses	Program Revenues	
		3  Charges for Services	4  Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 161,194,546	\$ 1,903,617	\$ 18,165,872
12 Instructional Resources and Media Services	4,229,966	-	306,072
13 Curriculum and Staff Development	4,155,565	-	1,041,006
21 Instructional Leadership	2,611,553	336,356	177,296
23 School Leadership	13,205,280	-	568,988
31 Guidance, Counseling and Evaluation Services	12,033,024	-	1,681,081
32 Social Work Services	802,931	-	183,444
33 Health Services	2,531,987	-	2,632,294
34 Student (Pupil) Transportation	5,286,652	-	2,528,319
35 Food Services	229,921	-	229,921
36 Extracurricular Activities	5,959,471	529,259	614,309
41 General Administration	5,258,341	-	1,305,056
51 Facilities Maintenance and Operations	22,899,639	284,745	165,164
52 Security and Monitoring Services	819,257	-	7,307
53 Data Processing Services	4,023,959	-	89,016
61 Community Services	903,044	401,311	148,698
72 Debt Service - Interest on Long Term Debt	22,293,193	-	-
73 Debt Service - Bond Issuance Cost and Fees	2,541,294	-	-
81 Capital Outlay	2,018,216	-	-
93 Payments related to Shared Services Arrangements	336,200	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	534	-	-
99 Other Intergovernmental Charges	1,222,013	-	-
[TG] Total Governmental Activities:	274,556,586	3,455,288	29,843,843
BUSINESS-TYPE ACTIVITIES:			
35 National School Breakfast & Lunch	9,315,767	3,493,623	6,127,097
01 Stadium Concessions	65,823	63,114	-
[TB] Total Business-Type Activities:	9,381,590	3,556,737	6,127,097
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 283,938,176	\$ 7,012,025	\$ 35,970,940

Data	General Revenues:
Control	Taxes:
Codes	MT Property Taxes, Levied for General Purposes
	DT Property Taxes, Levied for Debt Service
	SF State Aid - Formula Grants
	GC Grants and Contributions not Restricted
	IE Investment Earnings
	MI Miscellaneous Local and Intermediate Revenue
	FR Transfers In (Out)
	TR Total General Revenues & Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment "Required by GASB 68"
NE	Net Position--Ending

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

Net (Expense) Revenue and  
Changes in Net Position

6	7	8
Governmental Activities	Primary Government Business Type Activities	Total
\$ (141,125,057)	\$ -	\$ (141,125,057)
(3,923,894)	-	(3,923,894)
(3,114,559)	-	(3,114,559)
(2,097,901)	-	(2,097,901)
(12,636,292)	-	(12,636,292)
(10,351,943)	-	(10,351,943)
(619,487)	-	(619,487)
100,307	-	100,307
(2,758,333)	-	(2,758,333)
-	-	-
(4,815,903)	-	(4,815,903)
(3,953,285)	-	(3,953,285)
(22,449,730)	-	(22,449,730)
(811,950)	-	(811,950)
(3,934,943)	-	(3,934,943)
(353,035)	-	(353,035)
(22,293,193)	-	(22,293,193)
(2,541,294)	-	(2,541,294)
(2,018,216)	-	(2,018,216)
(336,200)	-	(336,200)
(534)	-	(534)
(1,222,013)	-	(1,222,013)
(241,257,455)	-	(241,257,455)
-	304,953	304,953
-	(2,709)	(2,709)
-	302,244	302,244
(241,257,455)	302,244	(240,955,211)
124,715,983	-	124,715,983
59,784,930	-	59,784,930
73,253,961	-	73,253,961
319,157	-	319,157
151,411	847	152,258
253,021	-	253,021
32,462	-	32,462
258,510,925	847	258,511,772
17,253,470	303,091	17,556,561
34,872,307	3,326,033	38,198,340
(33,550,000)	(1,749,811)	(35,299,811)
\$ 18,575,777	\$ 1,879,313	\$ 20,455,090

DENTON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 90,260,983	\$ 59,363,381	\$ 144,844,435
1220 Property Taxes - Delinquent	2,684,342	1,235,461	-
1230 Allowance for Uncollectible Taxes (Credit)	(113,904)	(53,666)	-
1240 Receivables from Other Governments	13,911,882	-	-
1260 Due from Other Funds	304,667	-	-
1290 Other Receivables	38,441	-	14,754
1300 Inventories	158,009	-	-
1410 Prepayments	140,316	8,803	-
1900 Other Assets	-	-	-
1000 Total Assets	<u>\$ 107,384,736</u>	<u>\$ 60,553,979</u>	<u>\$ 144,859,189</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,068,993	\$ -	\$ 9,510,364
2150 Payroll Deductions and Withholdings Payable	190,646	-	-
2160 Accrued Wages Payable	21,135,683	-	-
2170 Due to Other Funds	3,689	-	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>23,399,011</u>	<u>-</u>	<u>9,510,364</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	2,190,395	1,001,099	-
2600 Total Deferred Inflows of Resources	<u>2,190,395</u>	<u>1,001,099</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	158,009	-	-
3425 Endowment Principal	-	-	-
3430 Prepaid Items	140,316	-	-
Restricted Fund Balance:			
3470 Capital Acquisition and Contractual Obligation	-	-	133,632,078
3480 Retirement of Long-Term Debt	-	59,552,880	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	16,810,717	-	1,716,747
3600 Unassigned Fund Balance	64,686,288	-	-
3000 Total Fund Balances	<u>81,795,330</u>	<u>59,552,880</u>	<u>135,348,825</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 107,384,736</u>	<u>\$ 60,553,979</u>	<u>\$ 144,859,189</u>

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

Other Funds	Total Governmental Funds
\$ 1,046,336	\$ 295,515,135
-	3,919,803
-	(167,570)
2,329,315	16,241,197
-	304,667
26,161	79,356
13,121	171,130
55,870	204,989
14,208	14,208
<u>\$ 3,485,011</u>	<u>\$ 316,282,915</u>
\$ 186,687	\$ 11,766,044
-	190,646
1,139,831	22,275,514
137,836	141,525
868,270	868,270
<u>2,332,624</u>	<u>35,241,999</u>
-	3,191,494
<u>-</u>	<u>3,191,494</u>
-	158,009
1,000	1,000
-	140,316
-	133,632,078
-	59,552,880
1,138,179	1,138,179
13,208	18,540,672
-	64,686,288
<u>1,152,387</u>	<u>277,849,422</u>
<u>\$ 3,485,011</u>	<u>\$ 316,282,915</u>

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DENTON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2015

<b>Total Fund Balances - Governmental Funds</b>	\$	277,849,422
1 Assets and liabilities of the internal service funds are not included in the fund financial statements.		7,859,484
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.		858,934,553
3 Accumulated depreciation is not reported in the fund financial statements.		(255,744,782)
4 Bonds payable are not reported in the fund financial statements.		(755,312,979)
5 Bond premiums and discounts are not recognized in the fund financial statements.		(53,611,394)
6 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(9,639,131)
7 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		3,191,494
8 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$29,236,457, a Deferred Resource Inflow related to TRS in the amount of \$8,943,523, and a Deferred Resource Outflow related to TRS in the amount of \$6,362,668. This amounted to a decrease in Net Position in the amount of \$31,817,312.		(31,817,312)
9 Accrued vacation benefits and special termination benefits have not been recorded in the fund financial statements.		(1,230,303)
10 Deferred charge on bond refundings is not recognized in the fund financial statements.		24,706,011
11 Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.		(46,609,286)
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>18,575,777</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, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 128,588,552	\$ 59,697,046	\$ 77,140
5800 State Program Revenues	84,035,018	-	-
5900 Federal Program Revenues	3,599,675	-	-
5020 Total Revenues	<u>216,223,245</u>	<u>59,697,046</u>	<u>77,140</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	134,124,249	-	40,128
0012 Instructional Resources and Media Services	3,705,028	-	-
0013 Curriculum and Instructional Staff Development	2,896,767	-	-
0021 Instructional Leadership	2,277,650	-	-
0023 School Leadership	11,754,667	-	-
0031 Guidance, Counseling and Evaluation Services	9,580,841	-	-
0032 Social Work Services	562,498	-	-
0033 Health Services	2,288,068	-	-
0034 Student (Pupil) Transportation	4,649,760	-	-
0035 Food Services	143,405	-	-
0036 Extracurricular Activities	5,226,988	-	-
0041 General Administration	5,307,224	-	-
0051 Facilities Maintenance and Operations	22,718,120	-	-
0052 Security and Monitoring Services	815,266	-	-
0053 Data Processing Services	3,789,408	-	192,983
0061 Community Services	713,441	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	27,884,304	-
0072 Interest on Long Term Debt	-	27,933,418	-
0073 Bond Issuance Cost and Fees	-	1,525,573	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	99,218	-	58,721,240
<b>Intergovernmental:</b>			
0093 Payments to Fiscal Agent/Member Districts of SSA	336,200	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	534	-	-
0099 Other Intergovernmental Charges	1,222,013	-	-
6030 Total Expenditures	<u>212,211,345</u>	<u>57,343,295</u>	<u>58,954,351</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,011,900</u>	<u>2,353,751</u>	<u>(58,877,211)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Refunding Bonds)	-	133,210,000	-
7912 Sale of Real and Personal Property	56,423	-	-
7915 Transfers In	1,416,121	24	347,029
7916 Premium or Discount on Issuance of Bonds	-	22,078,078	-
8911 Transfers Out (Use)	(347,029)	-	(24)
8949 Other (Uses)	(198)	(154,255,497)	-
7080 Total Other Financing Sources (Uses)	<u>1,125,317</u>	<u>1,032,605</u>	<u>347,005</u>
<b>EXTRAORDINARY ITEMS:</b>			
8913 Extraordinary Item - Lawsuit Settlement	(1,750)	-	-
1200 Net Change in Fund Balances	5,135,467	3,386,356	(58,530,206)
0100 Fund Balance - July 1 (Beginning)	<u>76,659,863</u>	<u>56,166,524</u>	<u>193,879,031</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 81,795,330</u>	<u>\$ 59,552,880</u>	<u>\$ 135,348,825</u>

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

	Other Funds	Total Governmental Funds
\$	2,845,037	\$ 191,207,775
	3,060,744	87,095,762
	9,557,297	13,156,972
	15,463,078	291,460,509
	11,784,253	145,948,630
	159,433	3,864,461
	942,661	3,839,428
	111,250	2,388,900
	161,203	11,915,870
	1,273,029	10,853,870
	157,686	720,184
	3,637	2,291,705
	160,211	4,809,971
	86,516	229,921
	399,960	5,626,948
	11,945	5,319,169
	8,730	22,726,850
	3,991	819,257
	48	3,982,439
	131,885	845,326
	-	27,884,304
	-	27,933,418
	-	1,525,573
	-	58,820,458
	-	336,200
	-	534
	-	1,222,013
	15,396,438	343,905,429
	66,640	(52,444,920)
	-	133,210,000
	-	56,423
	32,679	1,795,853
	-	22,078,078
	-	(347,053)
	-	(154,255,695)
	32,679	2,537,606
	-	(1,750)
	99,319	(49,909,064)
	1,053,068	327,758,486
\$	1,152,387	\$ 277,849,422

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, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (49,909,064)
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.	57,654,221
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.	(23,083,361)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(223,954)
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.	258,750
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	8,793,150
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.	(2,928,971)
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.	(981,251)
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.	27,884,304
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.	(22,078,078)
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.	105,260
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.	(133,210,000)

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, 2015

<p>Payments to refund bonds payable are shown as other financing uses in the fund financial statements, but are shown as a reduction in long-term debt in the government-wide financial statements.</p>	154,255,497
<p>The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$4,010,113. Contributions made before the measurement but during the 2015 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused an increase in the change in net position in the amount of \$424,952. These contributions were replaced with the District's pension expense for the year of \$2,702,377, which caused a decrease in the change in net position. The impact of all of these is to increase the change in net position by \$1,732,688.</p>	1,732,688
<p>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.</p>	(1,015,721)
<p><b>Change in Net Position of Governmental Activities</b></p>	<hr style="border: 0.5px solid black;"/> \$ 17,253,470 <hr style="border: 0.5px solid black;"/>

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  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT C-5

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 120,205,690	\$ 126,441,531	\$ 128,588,552	\$ 2,147,021
5800	State Program Revenues	84,056,041	83,619,357	84,035,018	415,661
5900	Federal Program Revenues	2,260,000	2,782,929	3,599,675	816,746
5020	Total Revenues	206,521,731	212,843,818	216,223,245	3,379,427
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	136,618,032	137,954,408	134,124,249	3,830,159
0012	Instructional Resources and Media Services	3,745,016	3,848,692	3,705,028	143,664
0013	Curriculum and Instructional Staff Development	2,623,728	3,142,556	2,896,767	245,789
0021	Instructional Leadership	2,516,595	2,493,087	2,277,650	215,437
0023	School Leadership	10,986,722	11,792,512	11,754,667	37,845
0031	Guidance, Counseling and Evaluation Services	9,335,781	9,603,231	9,580,841	22,390
0032	Social Work Services	565,657	572,609	562,498	10,111
0033	Health Services	2,322,351	2,355,405	2,288,068	67,337
0034	Student (Pupil) Transportation	4,195,987	4,862,136	4,649,760	212,376
0035	Food Services	138,762	147,695	143,405	4,290
0036	Extracurricular Activities	5,026,978	5,433,222	5,226,988	206,234
0041	General Administration	5,719,638	5,647,965	5,307,224	340,741
0051	Facilities Maintenance and Operations	22,058,120	25,543,512	22,718,120	2,825,392
0052	Security and Monitoring Services	799,408	844,108	815,266	28,842
0053	Data Processing Services	3,566,415	3,818,599	3,789,408	29,191
0061	Community Services	662,217	764,821	713,441	51,380
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	100,000	99,218	782
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	264,500	336,200	336,200	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	28,500	534	534	-
0099	Other Intergovernmental Charges	1,288,974	1,222,013	1,222,013	-
6030	Total Expenditures	212,463,381	220,483,305	212,211,345	8,271,960
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,941,650)	(7,639,487)	4,011,900	11,651,387
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	56,423	56,423	-
7915	Transfers In	1,244,440	1,416,121	1,416,121	-
8911	Transfers Out (Use)	-	(347,029)	(347,029)	-
8949	Other (Uses)	-	(1,000)	(198)	802
7080	Total Other Financing Sources (Uses)	1,244,440	1,124,515	1,125,317	802
<b>EXTRAORDINARY ITEMS:</b>					
8913	Extraordinary Item - Lawsuit Settlement	-	(1,750)	(1,750)	-
1200	Net Change in Fund Balances	(4,697,210)	(6,516,722)	5,135,467	11,652,189
0100	Fund Balance - July 1 (Beginning)	76,659,863	76,659,863	76,659,863	-
3000	Fund Balance - June 30 (Ending)	\$ 71,962,653	\$ 70,143,141	\$ 81,795,330	\$ 11,652,189

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, 2015

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,472,514	\$ 8,905,453
Due from Other Governments	111,216	-
Due from Other Funds	3,689	-
Other Receivables	12,868	1,947
Inventories	291,973	5,804
Total Current Assets	<u>2,892,260</u>	<u>8,913,204</u>
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	4,221,154	8,756
Depreciation on Furniture and Equipment	(3,009,331)	(5,837)
Total Noncurrent Assets	<u>1,211,823</u>	<u>2,919</u>
Total Assets	<u>4,104,083</u>	<u>8,916,123</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow Related to TRS	331,875	-
Total Noncurrent Assets	<u>331,875</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>331,875</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	40,448	14,598
Accrued Wages Payable	40,608	270
Due to Other Funds	166,831	-
Accrued Expenses	-	1,038,852
Unearned Revenues	317,453	-
Total Current Liabilities	<u>565,340</u>	<u>1,053,720</u>
Noncurrent Liabilities:		
Net Pension Liability	1,524,853	-
Total Noncurrent Liabilities	<u>1,524,853</u>	<u>-</u>
Total Liabilities	<u>2,090,193</u>	<u>1,053,720</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow Related to TRS	466,452	-
Total Noncurrent Liabilities	<u>466,452</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>466,452</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,211,823	2,919
Unrestricted Net Position	667,490	7,859,484
Total Net Position	<u>\$ 1,879,313</u>	<u>\$ 7,862,403</u>

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, 2015

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 3,498,711	\$ 1,365,591
State Program Revenues	57,442	-
Federal Revenues	584	-
Total Operating Revenues	<u>3,556,737</u>	<u>1,365,591</u>
OPERATING EXPENSES:		
Payroll Costs	3,545,501	360,685
Professional and Contracted Services	100,993	196,619
Supplies and Materials	5,333,314	107,824
Other Operating Costs	27,749	267,493
Depreciation Expense	374,033	1,751
Total Operating Expenses	<u>9,381,590</u>	<u>934,372</u>
Operating Income (Loss)	<u>(5,824,853)</u>	<u>431,219</u>
NONOPERATING REVENUES (EXPENSES):		
National School Breakfast Program	1,226,632	-
National School Lunch Program	4,358,990	-
Donated Commodities (USDA)	541,475	-
Earnings from Temporary Deposits & Investments	847	2,117
Total Nonoperating Revenues (Expenses)	<u>6,127,944</u>	<u>2,117</u>
Income Before Transfers	303,091	433,336
Transfers Out	-	(1,416,338)
Change in Net Position	303,091	(983,002)
Total Net Position - July 1 (Beginning)	3,326,033	8,845,405
Prior Period Adjustment "Required by GASB	(1,749,811)	-
Total Net Position - June 30 (Ending)	<u>\$ 1,879,313</u>	<u>\$ 7,862,403</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, 2015

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total	Total
	Enterprise Funds	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 999,209
Cash Received from Charges and Fees	3,436,306	309,924
Cash Received from Employees	-	69,255
Cash Payments for Payroll Costs	(3,386,457)	(360,426)
Cash Payments for Purchased Services	(100,993)	(196,619)
Cash Payments for Supplies and Materials	(5,204,781)	(101,867)
Cash Payments for Other Expenses	(27,749)	(55,888)
Cash Payments for Claims	-	(344,466)
Net Cash Provided by (Used for) Operating Activities	<u>(5,283,674)</u>	<u>319,122</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Cash Received from Federal Programs	6,127,097	-
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Acquisition of Capital Assets	(252,728)	-
Transfers Out	-	(1,416,338)
Change in Net Pension Liability	(224,958)	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(477,686)</u>	<u>(1,416,338)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	847	2,117
Net Increase (Decrease) in Cash and Cash Equivalents	366,584	(1,095,099)
Cash and Cash Equivalents at Beginning of Year	2,105,930	10,000,552
Cash and Cash Equivalents at End of Year	<u>\$ 2,472,514</u>	<u>\$ 8,905,453</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (5,824,853)	\$ 431,219
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	374,033	1,751
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Gov.	(109,241)	-
Decrease (increase) in Receivables	(11,190)	12,797
Decrease (increase) in Inv./Prepayments	33,018	4,621
Decrease (increase) in Deferred Outflows	(331,875)	-
Increase (decrease) in Accounts Payable	(11,038)	1,336
Increase (decrease) in Accrued Wages Payable	(4,098)	259
Decrease (increase) in Accrued Expenses	-	(132,861)
Increase (decrease) in Due to/from Other Funds	163,142	-
Increase (decrease) in Unearned Revenues	(28,024)	-
Increase (decrease) in Deferred Inflows	466,452	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (5,283,674)</u>	<u>\$ 319,122</u>

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



DENTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

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	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,114,847
Other Receivables	359
Total Assets	<u>\$ 1,115,206</u>
LIABILITIES	
Accounts Payable	\$ 2,287
Due to Student Groups	1,112,919
Total Liabilities	<u>\$ 1,115,206</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, 2015

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

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

**A. REPORTING ENTITY**

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

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

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

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

**B. BASIS OF PRESENTATION**

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

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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.

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

**D. BUDGETARY CONTROL**

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Child Nutrition Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

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

	June 30, 2015 <u>Fund Balance</u>
Appropriated Budget Funds	\$ -0-
Nonappropriated Budget Funds	<u>1,138,179</u>
All Special Revenue Funds	<u>\$1,138,179</u>

**E. ENCUMBRANCE ACCOUNTING**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. At June 30, 2015 the District had the following encumbrances as significant commitments for which resources had not already been restricted, committed or assigned.

General Fund	\$ 505,290
Capital Projects Fund	<u>100,510,020</u>
Total	<u>\$101,015,310</u>

**F. PREPAID ITEMS**

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

**G. INVENTORIES**

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

**H. INTERFUND RECEIVABLES AND PAYABLES**

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**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

**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 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.

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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. 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 2015, 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.

**O. 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.

**P. IMPLEMENTATION OF NEW STANDARD**

In the current fiscal year, the District implemented the following new standards:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71") amends the transition provisions of GASB 68. GASB 71 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

**NOTE 2. FUND BALANCE**

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

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



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- 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, 2015 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees may assign amounts for specific purposes but it has also delegated authority to assign fund balance to the Superintendent and the Assistant Superintendent of Administrative Services. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of June 30, 2015 for several purposes as detailed below.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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

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

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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 \$64,686,288 at June 30, 2015. Deferred expenditures (prepaid items) of \$140,316 and inventories of \$158,009 are considered nonspendable fund balance. The District has assigned general fund fund balance resources for the following purposes as of June 30, 2015:

2015-2016 deficit budget	\$ 2,120,789
Extended School Day program	2,583,448
Non-bond new campus startup	751,668
Staffing phase-in for new campuses	1,500,000
Per pupil campus allotment	1,597,791
Local grant funds	612,578
Career and Technology program	505,379
Bilingual program	11,379
Fine Arts program	24,488
Major maintenance projects	2,983,874
Technology	2,491,001
Turf/athletics	118,036
Vehicles/buses/equipment	<u>1,510,286</u>
	<u>\$16,810,717</u>

**Other Major Funds**

The Debt Service Fund has restricted funds of \$59,552,880 at June 30, 2015 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$133,632,078 at June 30, 2015 consisting primarily of unspent bond funds and \$1,716,747 of non-bond funds assigned for future capital replacement projects.

**Other Funds**

The fund balance of \$1,138,179 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, 2015, while the accumulated unspent earnings of \$13,208 are shown as assigned fund balance.

**NOTE 3. DEPOSITS AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At June 30, 2015, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$6,972,870 and the bank balance was \$7,586,379. The District's cash deposits at June 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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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, 2015, the District’s cash balances totaled \$7,586,379. 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, 2015, the District held all of its investments in three public funds investment pools (TexPool, Lone Star and TexStar). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool and TexStar at year-end was AAAM (Standard & Poor’s), and the credit quality rating for Lone Star was AA Af (Standard & Poor’s).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, TexStar, 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, 2015, 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.

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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, 2015, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool	\$ 99,682,234	\$ 99,682,234
TexStar	95,880,513	95,880,513
Lone Star	<u>106,471,407</u>	<u>106,471,407</u>
Total	<u>\$302,034,154</u>	<u>\$302,034,154</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance July 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance June 30</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 38,734,684	\$ 6,493,932	\$ -	\$ 45,228,616
Construction in Progress	<u>20,607,948</u>	<u>44,416,766</u>	<u>(14,693,665)</u>	<u>50,331,049</u>
Total capital assets, not being depreciated	<u>59,342,632</u>	<u>50,910,698</u>	<u>(14,693,665)</u>	<u>95,559,665</u>
Capital assets, being depreciated:				
Buildings and Improvements	700,631,695	19,285,558	-	719,917,253
Furniture and Equipment	<u>41,306,005</u>	<u>2,151,630</u>	<u>-</u>	<u>43,457,635</u>
Total capital assets, being depreciated	<u>741,937,700</u>	<u>21,437,188</u>	<u>-</u>	<u>763,374,888</u>
Less accumulated depreciation for:				
Buildings and Improvements	(200,963,533)	(20,806,765)	-	(221,770,298)
Furniture and Equipment	<u>(31,697,888)</u>	<u>(2,276,596)</u>	<u>-</u>	<u>(33,974,484)</u>
Total accumulated depreciation	<u>(232,661,421)</u>	<u>(23,083,361)</u>	<u>-</u>	<u>(255,744,782)</u>
Total capital assets being depreciated, net	<u>509,276,279</u>	<u>(1,646,173)</u>	<u>-</u>	<u>507,630,106</u>
Governmental activities capital assets, net	<u>\$ 568,618,911</u>	<u>\$ 49,264,525</u>	<u>\$ (14,693,665)</u>	<u>\$ 603,189,771</u>
Business-type activities:				
Furniture and Equipment	\$ 3,968,426	\$ 252,728	\$ -	\$ 4,221,154
Totals at historic cost	<u>3,968,426</u>	<u>252,728</u>	<u>-</u>	<u>4,221,154</u>
Less accumulated depreciation for:				
Furniture and Equipment	<u>(2,635,298)</u>	<u>(374,033)</u>	<u>-</u>	<u>(3,009,331)</u>
Total accumulated depreciation	<u>(2,635,298)</u>	<u>(374,033)</u>	<u>-</u>	<u>(3,009,331)</u>
Business-type activities capital assets net	<u>\$ 1,333,128</u>	<u>\$ (121,305)</u>	<u>\$ -</u>	<u>\$ 1,211,823</u>

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

Governmental activities:	
Instruction	\$16,699,729
Instructional Resources & Media Services	402,007
Curriculum & Instructional Staff Development	341,197
Instructional Leadership	241,123
School Leadership	1,412,005
Guidance, Counseling & Evaluation Services	1,278,178
Social Work Services	87,580
Health Services	263,520
Student (Pupil) Transportation	510,977
Cocurricular/Extracurricular Activities	416,691
General Administration	496,383
Plant Maintenance and Operations	587,904
Data Processing Services	285,370
Community Services	<u>60,697</u>
Total depreciation expense-Governmental activities	<u>\$23,083,361</u>
Business-type activities:	
Food Services	\$ 374,033
Stadium Concessions	<u>-</u>
Total depreciation expense Business-type activities	<u>\$ 374,033</u>

**NOTE 5. LONG-TERM DEBT**

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, compensated absences, interest rate swap agreements, and special termination benefits. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

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The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2015:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/14	Additions	Refunded/ Retired	Amounts Outstanding 6/30/15	Due Within One Year
Bonded Indebtedness:							
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	7,645,378	-	3,166,105	4,479,273	2,981,120
2004 Bldg/Refunding	2.58-5.00%	84,070,000	2,470,000	-	2,470,000	-	-
2005A Building	Variable	46,500,000	46,500,000	-	-	46,500,000	-
2005B Bldg/Refunding	3.00-5.00%	13,315,000	5,295,000	-	5,295,000	-	-
2005B Bldg/Ref CAB	3.45-4.13%	4,045,445	728,199	-	728,199	-	-
2005C Refunding	3.00-5.00%	50,240,000	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	19,660,000	-	15,600,000	4,060,000	1,695,000
2006B Building	Variable	30,000,000	30,000,000	-	-	30,000,000	-
2007 Building	4.00-5.00%	39,365,000	31,060,000	-	20,095,000	10,965,000	815,000
2008 Building	3.375-5.0%	158,215,000	154,815,000	-	107,775,000	47,040,000	2,040,000
2009 Refunding	4.00-5.25%	31,875,000	31,875,000	-	-	31,875,000	-
2011 Refunding	2.00-5.00%	24,325,000	21,315,000	-	2,185,000	19,130,000	2,200,000
2012A Building	Variable	40,000,000	40,000,000	-	-	40,000,000	5,120,000
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	3,658,367
2012C Refunding	2.00-2.50%	24,875,000	24,035,000	-	170,000	23,865,000	4,805,000
2012D Refunding	2.00-5.00%	40,030,000	39,205,000	-	-	39,205,000	-
2013 Building	2.00%	44,300,000	44,300,000	-	4,485,000	39,815,000	-
2014A Building	1.25-5.00%	75,055,000	75,055,000	-	-	75,055,000	830,000
2014B Building	2.00%	69,075,000	69,075,000	-	-	69,075,000	-
2014C Refunding	2.00-5.00%	14,435,000	-	14,435,000	-	14,435,000	305,000
2015 Refunding	3.00-5.00%	118,775,000	-	118,775,000	-	118,775,000	1,295,000
Total Bonded Indebtedness			<u>790,107,283</u>	<u>133,210,000</u>	<u>168,004,304</u>	<u>755,312,979</u>	<u>25,744,487</u>
Accreted Interest	4.10-5.20%		43,680,315	5,539,667	2,610,696	46,609,286	2,560,513
Premiums on Bond Issuance			40,326,466	22,078,078	8,793,150	53,611,394	3,213,269
Accrued Vacation Benefits			1,170,982	297,527	327,726	1,140,783	-
Special Termination Benefits			164,581	-	75,061	89,520	66,186
Total Other Obligations			<u>85,342,344</u>	<u>27,915,272</u>	<u>11,806,633</u>	<u>101,450,983</u>	<u>5,839,968</u>
Total Obligations of District			<u>\$875,449,627</u>	<u>\$161,125,272</u>	<u>\$179,810,937</u>	<u>\$856,763,962</u>	<u>\$31,584,455</u>

The 2002, 2006 and 2012 bond series include outstanding capital appreciation bonds in the principal amount of \$70,807,979. The bonds mature variously beginning in 2015 through 2031. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity. The accrued interest of \$46,609,286 is accounted for in the Statement of Net Position as Accrued Interest Payable-Capital Appreciation Bonds.

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

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2015.

Interest Rate Swap Agreements

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*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, 2015, 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 <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ -	\$ 2,032,050	\$ 2,032,050
2017	1,760,000	1,993,594	3,753,594
2018	1,840,000	1,914,934	3,754,934
2019	1,890,000	1,833,433	3,723,433
2020	1,950,000	1,749,530	3,699,530
2021-2025	9,970,000	7,461,557	17,431,557
2026-2030	11,770,000	5,103,941	16,873,941
2031-2035	14,130,000	2,289,224	16,419,224
2036	<u>3,190,000</u>	<u>69,702</u>	<u>3,259,702</u>
Totals	<u>\$ 46,500,000</u>	<u>\$ 24,447,965</u>	<u>\$ 70,947,965</u>

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

*2006 Swap Agreement*

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

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

As of June 30, 2015, the debt service requirements of the Series 2006-B Bonds were as follows. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006-B Bonds will vary.

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	-	1,571,100	1,571,100
2021-2025	1,815,000	7,762,936	9,577,936
2026-2030	5,430,000	6,692,624	12,122,624
2031-2035	13,815,000	4,925,791	18,740,791
2036	<u>8,940,000</u>	<u>234,094</u>	<u>9,174,094</u>
Totals	<u>\$ 30,000,000</u>	<u>\$ 27,470,945</u>	<u>\$ 57,470,945</u>

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

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

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

As of June 30, 2015, 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 \$8,855,765. The District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement as such agreement had a negative fair value of \$8,135,124. Collectively, as of June 30, 2015, the Swap Agreements had a net negative fair value of \$16,990,889.

As of June 30, 2015, 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.



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

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

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

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

**NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS**

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

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 25,744,487	\$ 25,368,357	\$ 51,112,844
2017	19,909,508	28,572,790	48,482,298
2018	21,143,645	28,270,521	49,414,166
2019	22,245,279	24,626,969	46,872,248
2020	24,323,648	24,621,186	48,944,834
2021-2025	108,649,737	136,005,340	244,655,077
2026-2030	114,941,306	127,737,110	242,678,416
2031-2035	141,040,369	83,002,133	224,042,502
2036-2040	117,355,000	29,401,525	146,756,525
2041-2045	83,460,000	7,984,200	91,444,200
	<u>\$678,812,979</u>	<u>\$515,590,131</u>	<u>\$1,194,403,110</u>

**NOTE 7. DEFEASED BONDS OUTSTANDING**

On November 13, 2014, the District issued \$14,435,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 2.0% to 5.0% to advance refund \$15,010,000 of unlimited tax school building and tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$2,147,180, and, after paying issuance costs of \$175,326, the net proceeds were \$16,406,854. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$1,252,934 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,154,104.

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On March 25, 2015, the District issued \$118,775,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 3.0% to 5.0% to advance refund \$125,110,000 of unlimited tax school building and tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$19,930,898, and, after paying issuance costs of \$857,255, the net proceeds were \$137,848,643. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$17,203,964 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$14,846,935.

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.

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, 2015, \$140,120,000 of bonds outstanding are considered defeased.

**NOTE 8. SPECIAL TERMINATION BENEFITS**

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

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

From 1999 through 2014, 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, 2015 of all future periodic payments to be made to the 6 former employees currently in the program.

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

Year Ended <u>June 30</u>	Total <u>Payments</u>
2016	\$ 38,544
2017	12,140
2018	<u>6,121</u>
Total	<u>\$ 56,805</u>
Present Value	<u>\$ 56,003</u>

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**NOTE 9. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

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

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

Balance, July 1, 2014	\$1,170,982
Additions – New Entrants and Salary Increments	194,575
Deductions – Payments to Participants	<u>(224,774)</u>
Balance, June 30, 2015	<u>\$1,140,783</u>

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

**NOTE 10. PROPERTY TAXES**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. Denton Central Appraisal District (DCAD) is responsible for the appraisal of property for all taxing units in Denton County, including the District. Under the terms of a contract for appraisal services, the District paid DCAD \$1,222,013 in fiscal year 2015 for appraising property.

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2014-15 fiscal year was based was \$11,823,268,442. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2015, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.50 per \$100 valuation, respectively, for a total of \$1.54 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2015 were 99.04% 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, 2015, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,570,438 and \$1,181,795 for the General and Debt Service Funds, respectively.

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

**NOTE 11. DEFINED BENEFIT PENSION PLAN**

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

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

**Pension Plan Fiduciary Net Position.** Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
Net Pension Liability	<u>\$ 26,716,832,801</u>
 Net Position as percentage of Total Pension Liability	 83.25%

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

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

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

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Denton ISD 2014 Employer Contributions	\$	2,919,672
Denton ISD 2014 Member Contributions	\$	10,853,606
Denton ISD 2014 NECE On-Behalf Contributions	\$	7,923,683

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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**Actuarial Assumptions.** The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Normal
Amortization Method of Payroll, Open	Individual Entry Age Level Percentage of
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%
*Includes Inflation of 3%	

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

**Discount Rate.** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

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Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha	0%		1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

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

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Denton ISD's proportionate share of the net pension liability:	\$ 54,968,596	\$ 30,761,310	\$ 12,658,769

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2014, Denton Independent School District reported a liability of \$30,761,310 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Denton Independent School District. The amount recognized by Denton Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Denton Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 30,761,310
State's proportionate share that is associated with the District	<u>83,661,060</u>
<b>Total</b>	<u>\$114,422,370</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was .001151618%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

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There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, Denton Independent School District recognized pension expense of \$7,734,309 and revenue of \$7,923,683 for support provided by the State.

At August 31, 2014, Denton Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 475,734	\$ -
Changes in actuarial assumptions	1,999,519	-
Difference between projected and actual investment earnings	-	9,401,912
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	8,063
Contributions paid to TRS subsequent to the measurement date	4,219,290	-
Total	\$6,694,543	\$9,409,975

\$4,219,290 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2016	\$ (1,934,264)
2017	(1,934,264)
2018	(1,934,264)
2019	(1,934,264)
2020	416,214
2021	386,120



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**NOTE 12. 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 2015, 2014 and 2013. 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, 2015, 2014, and 2013, the State's contributions to the TRS-Care were \$1,043,735, \$1,003,591, and \$540,787, respectively, the active member contributions were \$678,428, \$652,334, and \$351,610, respectively, and the school district's contribution were \$574,054, \$551,975, and \$297,515, 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, 2015, the contribution made on behalf of the District was \$512,108.

**NOTE 13. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2015, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 137,836	\$ -
Enterprise Fund	166,831	3,689
Special Revenue Fund:		
General Fund	-	137,836
Enterprise Fund:		
General Fund	<u>3,689</u>	<u>166,831</u>
<b>TOTAL</b>	<b><u>\$ 308,356</u></b>	<b><u>\$ 308,356</u></b>

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Interfunds transfers for the year ended June 30, 2015 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	\$ 347,029	\$ -
Internal Service Fund	-	1,416,121
Internal Service Fund:		
General Fund	1,416,121	-
Special Revenue Fund	217	-
Capital Projects Fund:		
General Fund	-	347,029
Debt Service Fund	24	-
Debt Service Fund:		
Capital Projects Fund	-	24
Special Revenue Fund:		
Internal Service Fund	<u>-</u>	<u>217</u>
 TOTAL	 <u>\$1,763,391</u>	 <u>\$1,763,391</u>

The purpose of the \$347,029 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 a \$1,244,440 transfer was to transfer excess funds from the workers compensation and health insurance trust internal service funds to the general fund. The purpose of the \$24 transfer was to transfer unused bond proceeds to the debt service fund. The purpose of a \$171,898 transfer was to close the iPad Insurance internal service fund and transfer its remaining net position to the general fund and special revenue fund. There was also a \$32,462 transfer from the student activity funds to the campus activity fund.

**NOTE 14. HEALTH CARE**

During the year ended June 30, 2015, employees of Denton Independent School District were covered by a health insurance plan (the Plan). The District contributed \$235 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded plan.

**NOTE 15. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2015, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$2,684,342	\$13,911,882	\$304,486	\$ 38,441	\$16,939,151
Debt Service Fund	1,235,461	-	-	-	1,235,461
Capital Projects Fund	-	-	-	14,754	14,754
Special Revenue Fund	<u>-</u>	<u>2,329,315</u>	<u>-</u>	<u>26,161</u>	<u>2,355,476</u>
Total - Governmental Activities	<u>\$3,919,803</u>	<u>\$16,241,197</u>	<u>\$304,486</u>	<u>\$ 79,356</u>	<u>\$20,544,842</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 167,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,570</u>
Business-type Activities:					
Enterprise Fund	\$ -	\$ 111,216	\$ 3,689	\$ 12,868	\$ 127,773
Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,947</u>	<u>1,947</u>
Total Business-type Activities	<u>\$ -</u>	<u>\$ 111,216</u>	<u>\$ 3,689</u>	<u>\$ 14,815</u>	<u>\$ 129,720</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

Payables at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 2,068,993	\$21,326,329	\$ 3,868	\$ -	\$23,399,190
Debt Service Fund	-	-	-	-	-
Capital Projects Fund	9,510,364	-	-	-	9,510,364
Special Revenue Funds	<u>186,686</u>	<u>1,139,831</u>	<u>137,837</u>	-	<u>1,464,354</u>
Total-Governmental Activities	<u>\$11,766,043</u>	<u>\$22,466,160</u>	<u>\$ 141,705</u>	<u>\$ -</u>	<u>\$34,373,908</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type Activities:					
Enterprise Fund	\$ 40,448	\$ 40,608	\$ 166,831	\$ -	\$ 247,887
Internal Service Fund	<u>14,598</u>	<u>270</u>	<u>-</u>	<u>1,038,852</u>	<u>1,053,720</u>
Total Business-type Activities	<u>\$ 55,046</u>	<u>\$ 40,878</u>	<u>\$ 166,831</u>	<u>\$1,038,852</u>	<u>\$ 1,301,607</u>

**NOTE 16. SELF-INSURED WORKERS' COMPENSATION**

The District has also established a self-funding Workers' Compensation program. Texas Association of School Boards (TASB) through an actuarial review of the self-insurance program, projected an estimated outstanding loss of \$1,038,852 as of June 30, 2015. Claims administration is provided by TASB.

The accrued liability for Workers' Compensation self-insurance of \$1,038,852 includes incurred but not reported claims. This liability reported in the fund at June 30, 2015, 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 2015 was \$500,000.

Changes in the workers' compensation claims liability amounts in fiscal 2015 and 2014 are represented below:

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
Unpaid claims, beginning of year	\$1,171,713	\$1,667,157
Incurred claims (including IBNR'S)	389,598	17,617
Claim payments	<u>522,459</u>	<u>513,061</u>
Unpaid claims, end of fiscal year	<u>\$1,038,852</u>	<u>\$1,171,713</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 17. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2015, 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.

<u>Fund</u>	<u>State Grants &amp; Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
General	\$13,815,420	\$ 86,733	\$ 9,729	\$13,911,882
Special Revenue	<u>135,703</u>	<u>2,186,979</u>	<u>6,633</u>	<u>2,329,315</u>
Total	<u>\$13,951,123</u>	<u>\$2,273,712</u>	<u>\$ 16,362</u>	<u>\$16,241,197</u>

**NOTE 18. CONTINGENT LIABILITIES**

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, is not known until as long as five years from the bond issuance date. At June 30, 2015, the estimated rebate liability on outstanding bond series was \$49,611.

**NOTE 19. LITIGATION AND CONTINGENCIES**

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

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

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

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 20. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$123,524,140	\$ -	\$59,329,208	\$ -	\$182,853,348
Investment Income	51,413	-	22,865	77,140	151,418
Penalties, interest and other tax related income	1,043,842	-	344,973	-	1,388,815
Co-curricular student activities	529,259	1,629,158	-	-	2,158,417
Tuition and fees	2,641,284	836,895	-	-	3,478,179
Gifts and bequests	319,157	339,460	-	-	658,617
Facilities rentals	275,613	-	-	-	275,613
Insurance recovery	9,172	-	-	-	9,172
Other	<u>194,672</u>	<u>39,517</u>	<u>-</u>	<u>-</u>	<u>234,189</u>
Total	<u>\$128,588,552</u>	<u>\$2,845,030</u>	<u>\$59,697,046</u>	<u>\$ 77,140</u>	<u>\$191,207,768</u>

**NOTE 21. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

	Special Revenue Fund	Enterprise Fund	Total
Lunchroom receipts	\$ -	\$136,878	\$ 136,878
Food Commodities	-	180,575	180,575
State Textbook Fund	598,791	-	598,791
Summer Feeding Program	18,700	-	18,700
Summer School LEP	20,152	-	20,152
Read to Succeed	627	-	627
Advanced Placement Incentives	94,538	-	94,538
Deaf Ed Mgmt Board	<u>135,462</u>	<u>-</u>	<u>135,462</u>
	<u>\$868,270</u>	<u>\$317,453</u>	<u>\$1,185,723</u>

**NOTE 22. COMMITMENTS UNDER LEASES**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2015, as follows:

Year Ending	
<u>June 30,</u>	
2016	\$ 451,088
2017	426,116
2018	<u>98,523</u>
Total Minimum Rentals	<u>\$ 975,727</u>
Rental Expenditures in Fiscal Year 2015	<u>\$ 455,624</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 23. GENERAL FUND FEDERAL SOURCE REVENUES**

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Medicaid Reimbursement	N/A	\$2,527,939	\$2,527,939
Impact Aid	84.041	133,885	133,885
Junior ROTC	12.000	197,318	197,318
Indirect Costs	N/A	654,937	654,937
i3 Grant	84.411	9,391	9,391
Federal Excise Tax Rebate	N/A	<u>76,205</u>	<u>76,205</u>
Total for General Fund		<u>\$3,599,675</u>	<u>\$3,599,675</u>

**NOTE 24. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in no functional category for the year ended June 30, 2015.

**NOTE 25. SHARED SERVICE ARRANGEMENTS**

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

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

The District participates in a shared services arrangement for juvenile justice alternative education services with ten other school districts. Although the District contributes to the shared services arrangement based on its participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Denton ISD. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. During the year ended June 30, 2015, the District contributed \$534 to the fiscal agent as its share of the costs of the joint venture.

**NOTE 26. SUBSEQUENT EVENT**

On August 4, 2015 the District issued \$164,580,000 of unlimited tax school building bonds and, after receipt of premium on the bonds less issuance costs, received \$187,745,000 in proceeds that will be used to fund construction and renovation costs related to new and existing campuses.

DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 27. PRIOR PERIOD ADJUSTMENT**

In fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As such, the prior period adjustment was necessary to record the beginning pension liability of the District. The following illustrates the effect of the prior period adjustment:

<b>Beginning Net Position – As Originally Presented</b>	<b>\$38,198,340</b>
Restatement due to:	
Net pension liability (measurement date as of August 31, 2013)	(37,772,365)
Deferred Outflows:	
District contributions made to TRS during the fiscal year	<u>2,472,554</u>
<b>Beginning Net Position – As Restated</b>	<b><u>\$ 2,898,529</u></b>

REQUIRED SUPPLEMENTARY INFORMATION



DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2015

	2015
District's Proportion of the Net Pension Liability (Asset)	0.001151618%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 30,761,310
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	83,661,060
Total	\$ 114,422,370
District's Covered-Employee Payroll	\$ 163,129,441
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	18.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

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

DENTON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2015

EXHIBIT G-2

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		2015
Contractually Required Contribution	\$	4,666,408
Contribution in Relation to the Contractually Required Contribution		(4,666,408)
Contribution Deficiency (Excess)	\$	-0-
District's Covered-Employee Payroll	\$	163,129,441
Contributions as a Percentage of Covered-Employee Payroll		2.86%

Note: GASB 68, Paragraph 81,2,b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

DENTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

*Changes of benefit terms.*

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

*Changes of assumptions.*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

## COMBINING SCHEDULES

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

Data Control Codes	205  Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ (119,733)	\$ (198,086)	\$ (325,191)
1240 Receivables from Other Governments	326,035	530,285	720,637
1290 Other Receivables	-	-	3,060
1300 Inventories	-	-	-
1410 Prepayments	-	4,590	1,500
1900 Other Assets	-	-	-
1000 Total Assets	<u>\$ 206,302</u>	<u>\$ 336,789</u>	<u>\$ 400,006</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ -	\$ 2,795	\$ 11,053
2160 Accrued Wages Payable	177,297	291,365	346,636
2170 Due to Other Funds	29,005	42,629	42,317
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>206,302</u>	<u>336,789</u>	<u>400,006</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3425 Endowment Principal	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 206,302</u>	<u>\$ 336,789</u>	<u>\$ 400,006</u>

225 IDEA - Part B Preschool	242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	277 Title III Nexus	288 Summer School LEP
\$ (4,993)	\$ (46,872)	\$ (73,165)	\$ (72,102)	\$ (43,329)	\$ (32,288)	\$ -	\$ 39,362
14,680	59,242	115,902	161,912	43,329	32,288	-	-
-	-	-	-	-	-	-	-
-	13,121	-	-	-	-	-	-
-	-	21,697	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 9,687</u>	<u>\$ 25,491</u>	<u>\$ 64,434</u>	<u>\$ 89,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,362</u>
\$ -	\$ 3,932	\$ 32,425	\$ 27,271	\$ -	\$ -	\$ -	\$ -
8,267	2,859	28,338	61,360	-	-	-	19,210
1,420	-	3,671	1,179	-	-	-	-
-	18,700	-	-	-	-	-	20,152
<u>9,687</u>	<u>25,491</u>	<u>64,434</u>	<u>89,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,362</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 9,687</u>	<u>\$ 25,491</u>	<u>\$ 64,434</u>	<u>\$ 89,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,362</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

Data Control Codes	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (62,789)	\$ (4,092)	\$ -	\$ (8,679)
1240	Receivables from Other Governments	121,888	5,498	-	14,837
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 59,099</u>	<u>\$ 1,406</u>	<u>\$ -</u>	<u>\$ 6,158</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 49,143	\$ -	\$ -	\$ 3,998
2160	Accrued Wages Payable	9,956	1,406	-	1,960
2170	Due to Other Funds	-	-	-	200
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>59,099</u>	<u>1,406</u>	<u>-</u>	<u>6,158</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3425	Endowment Principal	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 59,099</u>	<u>\$ 1,406</u>	<u>\$ -</u>	<u>\$ 6,158</u>

317 SSA - IDEA, B Preschool Deaf	331 SSA - Career & Technical - Basic Grant	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	425 Read to Succeed	431 SSA - ABE Educational Technology
\$ -	\$ (18,440)	\$ -	\$ -	\$ 94,538	\$ 589,959	\$ 627	\$ (12,802)
-	40,446	-	-	-	-	-	16,652
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,832	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 22,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,538</u>	<u>\$ 598,791</u>	<u>\$ 627</u>	<u>\$ 3,850</u>
\$ -	\$ 6,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	13,878	-	-	-	-	-	3,850
-	1,542	-	-	-	-	-	-
-	-	-	-	94,538	598,791	627	-
<u>-</u>	<u>22,006</u>	<u>-</u>	<u>-</u>	<u>94,538</u>	<u>598,791</u>	<u>627</u>	<u>3,850</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>22,006</u>	<u>-</u>	<u>-</u>	<u>94,538</u>	<u>598,791</u>	<u>627</u>	<u>3,850</u>



DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

Data Control Codes	435 SSA Regional Day School - Deaf	446 Deaf Educ Management Board	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ (67,295)	\$ 281,122	\$ 1,130,584	\$ 1,046,336
1240 Receivables from Other Governments	119,051	4,848	1,785	2,329,315
1290 Other Receivables	-	-	23,101	26,161
1300 Inventories	-	-	-	13,121
1410 Prepayments	-	-	19,251	55,870
1900 Other Assets	-	-	-	-
1000 Total Assets	<u>\$ 51,756</u>	<u>\$ 285,970</u>	<u>\$ 1,174,721</u>	<u>\$ 3,470,803</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 7,000	\$ 10,697	\$ 31,787	\$ 186,687
2160 Accrued Wages Payable	41,677	127,017	4,755	1,139,831
2170 Due to Other Funds	3,079	12,794	-	137,836
2300 Unearned Revenues	-	135,462	-	868,270
2000 Total Liabilities	<u>51,756</u>	<u>285,970</u>	<u>36,542</u>	<u>2,332,624</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3425 Endowment Principal	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	1,138,179	1,138,179
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,138,179</u>	<u>1,138,179</u>
4000 Total Liabilities and Fund Balances	<u>\$ 51,756</u>	<u>\$ 285,970</u>	<u>\$ 1,174,721</u>	<u>\$ 3,470,803</u>

479 Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,046,336
-	2,329,315
-	26,161
-	13,121
-	55,870
<u>14,208</u>	<u>14,208</u>
<u>\$ 14,208</u>	<u>\$ 3,485,011</u>
\$ -	\$ 186,687
-	1,139,831
-	137,836
-	868,270
<u>-</u>	<u>2,332,624</u>
1,000	1,000
-	1,138,179
<u>13,208</u>	<u>13,208</u>
<u>14,208</u>	<u>1,152,387</u>
<u>\$ 14,208</u>	<u>\$ 3,485,011</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	205  Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	1,285,847	2,572,256	3,360,307
5020 Total Revenues	<u>1,285,847</u>	<u>2,572,256</u>	<u>3,360,307</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	1,064,474	2,144,792	2,315,727
0012 Instructional Resources and Media Services	-	19,357	-
0013 Curriculum and Instructional Staff Development	4,717	195,390	41,747
0021 Instructional Leadership	-	3,571	27,394
0023 School Leadership	32,503	39,141	4,671
0031 Guidance, Counseling and Evaluation Services	1,661	71,331	966,021
0032 Social Work Services	151,674	6,012	-
0033 Health Services	135	-	2,968
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	30,683	92,662	1,779
6030 Total Expenditures	<u>1,285,847</u>	<u>2,572,256</u>	<u>3,360,307</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	277 Title III Nexus	288 Summer School LEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
58,454	87,636	514,420	448,161	159,050	109,131	4,627	34,778
<u>58,454</u>	<u>87,636</u>	<u>514,420</u>	<u>448,161</u>	<u>159,050</u>	<u>109,131</u>	<u>4,627</u>	<u>34,778</u>
58,454	-	47,119	265,703	-	50,815	4,627	34,778
-	-	-	-	-	-	-	-
-	-	394,987	179,441	-	-	-	-
-	-	52,332	837	-	-	-	-
-	-	19,284	612	-	-	-	-
-	-	698	-	-	58,316	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	159,050	-	-	-
-	86,516	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,120	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,568	-	-	-	-
<u>58,454</u>	<u>87,636</u>	<u>514,420</u>	<u>448,161</u>	<u>159,050</u>	<u>109,131</u>	<u>4,627</u>	<u>34,778</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, 2015

Data Control Codes	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	561,938	23,779	30,495	38,896
5020	Total Revenues	<u>561,938</u>	<u>23,779</u>	<u>30,495</u>	<u>38,896</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	509,001	23,054	30,495	11,647
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	37,599	-	-	-
0021	Instructional Leadership	15,338	725	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	27,249
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	<u>561,938</u>	<u>23,779</u>	<u>30,495</u>	<u>38,896</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

317 SSA - IDEA, B Preschool Deaf	331 SSA - Career & Technical - Basic Grant	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	425 Read to Succeed	431 SSA - ABE Educational Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,517	\$ -	\$ -
-	-	-	12,705	4,416	2,602,141	239	92,868
4,246	261,166	2,110	-	-	-	-	-
<u>4,246</u>	<u>261,166</u>	<u>2,110</u>	<u>12,705</u>	<u>4,416</u>	<u>2,641,658</u>	<u>239</u>	<u>92,868</u>
4,246	130,302	2,110	12,705	3,615	2,641,658	-	85,125
-	-	-	-	-	-	239	-
-	43,750	-	-	801	-	-	2,547
-	5,914	-	-	-	-	-	5,139
-	-	-	-	-	-	-	-
-	81,200	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	57
<u>4,246</u>	<u>261,166</u>	<u>2,110</u>	<u>12,705</u>	<u>4,416</u>	<u>2,641,658</u>	<u>239</u>	<u>92,868</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, 2015

Data Control Codes	435 SSA Regional Day School - Deaf	446 Deaf Educ Management Board	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 836,895	\$ 1,968,618	\$ 2,845,030
5800 State Program Revenues	348,375	-	-	3,060,744
5900 Federal Program Revenues	-	-	-	9,557,297
5020 Total Revenues	<u>348,375</u>	<u>836,895</u>	<u>1,968,618</u>	<u>15,463,071</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	329,777	778,889	1,235,140	11,784,253
0012 Instructional Resources and Media Services	-	-	139,837	159,433
0013 Curriculum and Instructional Staff Development	796	11,123	29,763	942,661
0021 Instructional Leadership	-	-	-	111,250
0023 School Leadership	-	-	64,992	161,203
0031 Guidance, Counseling and Evaluation Services	17,802	46,500	2,251	1,273,029
0032 Social Work Services	-	-	-	157,686
0033 Health Services	-	-	534	3,637
0034 Student (Pupil) Transportation	-	-	1,161	160,211
0035 Food Services	-	-	-	86,516
0036 Extracurricular Activities	-	-	399,960	399,960
0041 General Administration	-	-	11,945	11,945
0051 Facilities Maintenance and Operations	-	-	7,610	8,730
0052 Security and Monitoring Services	-	-	3,991	3,991
0053 Data Processing Services	-	-	48	48
0061 Community Services	-	600	4,536	131,885
6030 Total Expenditures	<u>348,375</u>	<u>837,112</u>	<u>1,901,768</u>	<u>15,396,438</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(217)	66,850	66,633
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	217	32,462	32,679
1200 Net Change in Fund Balance	-	-	99,312	99,312
0100 Fund Balance - July 1 (Beginning)	-	-	1,038,867	1,038,867
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,179</u>	<u>\$ 1,138,179</u>

479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 7	\$ 2,845,037
-	3,060,744
-	9,557,297
<u>7</u>	<u>15,463,078</u>
-	11,784,253
-	159,433
-	942,661
-	111,250
-	161,203
-	1,273,029
-	157,686
-	3,637
-	160,211
-	86,516
-	399,960
-	11,945
-	8,730
-	3,991
-	48
-	131,885
<u>-</u>	<u>15,396,438</u>
7	66,640
-	32,679
<u>7</u>	<u>99,319</u>
14,201	1,053,068
<u>\$ 14,208</u>	<u>\$ 1,152,387</u>



DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2015

	752	753	771	772	Total
	Print Shop	Workers Insurance	Health Insurance	iPad Insurance	Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 331,702	\$ 4,502,718	\$ 4,071,033	\$ -	\$ 8,905,453
Other Receivables	147	1,800	-	-	1,947
Inventories	5,804	-	-	-	5,804
Total Current Assets	<u>337,653</u>	<u>4,504,518</u>	<u>4,071,033</u>	<u>-</u>	<u>8,913,204</u>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	8,756	-	-	-	8,756
Depreciation on Furniture and Equipment	(5,837)	-	-	-	(5,837)
Total Noncurrent Assets	<u>2,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,919</u>
Total Assets	<u>340,572</u>	<u>4,504,518</u>	<u>4,071,033</u>	<u>-</u>	<u>8,916,123</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	3,755	9,104	1,739	-	14,598
Accrued Wages Payable	40	-	230	-	270
Accrued Expenses	-	1,038,852	-	-	1,038,852
Total Liabilities	<u>3,795</u>	<u>1,047,956</u>	<u>1,969</u>	<u>-</u>	<u>1,053,720</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 2,919	\$ -	\$ -	\$ -	\$ 2,919
Unrestricted Net Position	333,858	3,456,562	4,069,064	-	7,859,484
Total Net Position	<u>\$ 336,777</u>	<u>\$ 3,456,562</u>	<u>\$ 4,069,064</u>	<u>\$ -</u>	<u>\$ 7,862,403</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	752 Print Shop	753 Workers Insurance	771 Health Insurance	772 iPad Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ 298,291	\$ 986,809	\$ 68,841	\$ 11,650	\$ 1,365,591
Total Operating Revenues	298,291	986,809	68,841	11,650	1,365,591
<b>OPERATING EXPENSES:</b>					
Payroll Costs	155,484	68,866	136,335	-	360,685
Professional and Contracted Services	140,436	37,470	18,088	625	196,619
Supplies and Materials	62,552	15,395	13,041	16,836	107,824
Other Operating Costs	881	252,237	14,375	-	267,493
Depreciation Expense	1,751	-	-	-	1,751
Total Operating Expenses	361,104	373,968	181,839	17,461	934,372
Operating Income (Loss)	(62,813)	612,841	(112,998)	(5,811)	431,219
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Earnings from Temporary Deposits &	-	295	1,822	-	2,117
Total Nonoperating Revenues (Expenses)	-	295	1,822	-	2,117
Income (Loss) Before Transfers	(62,813)	613,136	(111,176)	(5,811)	433,336
Transfers Out	-	(1,000,000)	(244,440)	(171,898)	(1,416,338)
Change in Net Position	(62,813)	(386,864)	(355,616)	(177,709)	(983,002)
Total Net Position - July 1 (Beginning)	399,590	3,843,426	4,424,680	177,709	8,845,405
Total Net Position - June 30 (Ending)	\$ 336,777	\$ 3,456,562	\$ 4,069,064	\$ -	\$ 7,862,403

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	752	753	771	772	Total
	Print Shop	Workers Insurance	Health Insurance	iPad Insurance	Internal Service Funds
<b><u>Cash Flows from Operating Activities:</u></b>					
Cash Received from District	\$ -	\$ 999,209	\$ -	\$ -	\$ 999,209
Cash Received from Charges and Fees	298,274	-	-	11,650	309,924
Cash Received from Employees	-	-	69,255	-	69,255
Cash Payments for Payroll Costs	(155,446)	(68,875)	(136,105)	-	(360,426)
Cash Payments for Purchased Services	(140,436)	(37,470)	(18,088)	(625)	(196,619)
Cash Payments for Supplies and Materials	(59,994)	(12,190)	(12,847)	(16,836)	(101,867)
Cash Payments for Other Expenses	(881)	(40,632)	(14,375)	-	(55,888)
Cash Payments for Claims	-	(344,466)	-	-	(344,466)
Net Cash Provided by (Used for) Operating Activities	(58,483)	495,576	(112,160)	(5,811)	319,122
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>					
Transfers Out	-	(1,000,000)	(244,440)	(171,898)	(1,416,338)
<b><u>Cash Flows from Investing Activities:</u></b>					
Interest and Dividends on Investments	-	295	1,822	-	2,117
Net Decrease in Cash and Cash Equivalents	(58,483)	(504,129)	(354,778)	(177,709)	(1,095,099)
Cash and Cash Equivalents at Beginning of Year	390,185	5,006,847	4,425,811	177,709	10,000,552
Cash and Cash Equivalents at End of Year	\$ 331,702	\$ 4,502,718	\$ 4,071,033	\$ -	\$ 8,905,453
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u></b>					
Operating Income (Loss):	\$ (62,813)	\$ 612,841	\$ (112,998)	\$ (5,811)	\$ 431,219
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:					
Depreciation	1,751	-	-	-	1,751
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Receivables	(17)	12,400	414	-	12,797
Decrease (increase) in Inv./Prepayments	246	4,375	-	-	4,621
Increase (decrease) in Accounts Payable	2,312	(1,170)	194	-	1,336
Increase (decrease) in Accrued Wages Payable	38	(9)	230	-	259
Decrease (increase) in Accrued Expenses	-	(132,861)	-	-	(132,861)
Net Cash Provided by (Used for) Operating Activities	\$ (58,483)	\$ 495,576	\$ (112,160)	\$ (5,811)	\$ 319,122

DENTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2015

	701 National Breakfast and Lunch Program	749 Stadium Concessions	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,372,508	\$ 100,006	\$ 2,472,514
Due from Other Governments	111,216	-	111,216
Due from Other Funds	3,689	-	3,689
Other Receivables	12,868	-	12,868
Inventories	291,973	-	291,973
Total Current Assets	<u>2,792,254</u>	<u>100,006</u>	<u>2,892,260</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	4,193,931	27,223	4,221,154
Depreciation on Furniture and Equipment	(2,982,108)	(27,223)	(3,009,331)
Total Noncurrent Assets	<u>1,211,823</u>	<u>-</u>	<u>1,211,823</u>
Total Assets	<u>4,004,077</u>	<u>100,006</u>	<u>4,104,083</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to TRS	331,875	-	331,875
Total Noncurrent Assets	<u>331,875</u>	<u>-</u>	<u>331,875</u>
Total Deferred Outflows of Resources	<u>331,875</u>	<u>-</u>	<u>331,875</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	40,448	-	40,448
Accrued Wages Payable	40,608	-	40,608
Due to Other Funds	166,831	-	166,831
Unearned Revenues	317,453	-	317,453
Total Current Liabilities	<u>565,340</u>	<u>-</u>	<u>565,340</u>
NonCurrent Liabilities:			
Net Pension Liability	1,524,853	-	1,524,853
Total Noncurrent Liabilities	<u>1,524,853</u>	<u>-</u>	<u>1,524,853</u>
Total Liabilities	<u>2,090,193</u>	<u>-</u>	<u>2,090,193</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to TRS	466,452	-	466,452
Total Noncurrent Liabilities	<u>466,452</u>	<u>-</u>	<u>466,452</u>
Total Deferred Inflows of Resources	<u>466,452</u>	<u>-</u>	<u>466,452</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,211,823	-	1,211,823
Unrestricted Net Position	567,484	100,006	667,490
Total Net Position	<u>\$ 1,779,307</u>	<u>\$ 100,006</u>	<u>\$ 1,879,313</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, 2015

	701 National Breakfast and Lunch Program	749 Stadium Concessions	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 3,435,597	\$ 63,114	\$ 3,498,711
State Program Revenues	57,442	-	57,442
Federal Revenues	584	-	584
Total Operating Revenues	<u>3,493,623</u>	<u>63,114</u>	<u>3,556,737</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	3,520,750	24,751	3,545,501
Professional and Contracted Services	98,493	2,500	100,993
Supplies and Materials	5,294,917	38,397	5,333,314
Other Operating Costs	27,574	175	27,749
Depreciation Expense	374,033	-	374,033
Total Operating Expenses	<u>9,315,767</u>	<u>65,823</u>	<u>9,381,590</u>
Operating Income (Loss)	<u>(5,822,144)</u>	<u>(2,709)</u>	<u>(5,824,853)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
National School Breakfast Program	1,226,632	-	1,226,632
National School Lunch Program	4,358,990	-	4,358,990
Donated Commodities (USDA)	541,475	-	541,475
Earnings from Temporary Deposits & Investments	847	-	847
Total Nonoperating Revenues (Expenses)	<u>6,127,944</u>	<u>-</u>	<u>6,127,944</u>
Change in Net Position	305,800	(2,709)	303,091
Total Net Position - July 1 (Beginning)	3,223,318	102,715	3,326,033
Prior Period Adjustment "Required by GASB	<u>(1,749,811)</u>	<u>-</u>	<u>(1,749,811)</u>
Total Net Position June 30 (Ending)	<u>\$ 1,779,307</u>	<u>\$ 100,006</u>	<u>\$ 1,879,313</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	701 National Breakfast and Lunch Program	749 Stadium Concessions	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Charges and Fees	\$ 3,373,192	\$ 63,114	\$ 3,436,306
Cash Payments for Payroll Costs	(3,361,706)	(24,751)	(3,386,457)
Cash Payments for Purchased Services	(98,493)	(2,500)	(100,993)
Cash Payments for Supplies and Materials	(5,166,384)	(38,397)	(5,204,781)
Cash Payments for Other Expenses	(27,574)	(175)	(27,749)
Net Cash Used For Operating Activities	<u>(5,280,965)</u>	<u>(2,709)</u>	<u>(5,283,674)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Cash Received from Federal Programs	<u>6,127,097</u>	<u>-</u>	<u>6,127,097</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	(252,728)	-	(252,728)
Change in Net Pension Liability	(224,958)	-	(224,958)
Net Cash Used For Capital and Related Financing Activities	<u>(477,686)</u>	<u>-</u>	<u>(477,686)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	<u>847</u>	<u>-</u>	<u>847</u>
Net Increase (Decrease) in Cash and Cash Equivalents	369,293	(2,709)	366,584
Cash and Cash Equivalents at Beginning of Year	<u>2,003,215</u>	<u>102,715</u>	<u>2,105,930</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,372,508</u>	<u>\$ 100,006</u>	<u>\$ 2,472,514</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (5,822,144)	\$ (2,709)	\$ (5,824,853)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:			
Depreciation	374,033	-	374,033
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Gov.	(109,241)	-	(109,241)
Decrease (increase) in Receivables	(11,190)	-	(11,190)
Decrease (increase) in Inv./Prepayments	33,018	-	33,018
Decrease (increase) in Deferred Outflows	(331,875)	-	(331,875)
Increase (decrease) in Accounts Payable	(11,038)	-	(11,038)
Increase (decrease) in Accrued Wages Payable	(4,098)	-	(4,098)
Increase (decrease) in Due to/from Other Funds	163,142	-	163,142
Increase (decrease) in Unearned Revenues	(28,024)	-	(28,024)
Increase (decrease) in Deferred Inflows	466,452	-	466,452
Net Cash Used for Operating Activities	<u>\$ (5,280,965)</u>	<u>\$ (2,709)</u>	<u>\$ (5,283,674)</u>

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REQUIRED T.E.A. SCHEDULES



DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2015

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ Various
2007	1.370000	0.394000	7,692,488,889
2008	1.040000	0.394000	8,777,025,035
2009	1.040000	0.450000	9,406,791,745
2010	1.040000	0.450000	9,549,766,309
2011	1.040000	0.490000	9,760,324,966
2012	1.040000	0.490000	9,701,066,797
2013	1.040000	0.490000	10,115,153,791
2014	1.040000	0.490000	10,594,446,862
2015 (School year under audit)	1.040000	0.500000	11,823,268,442
1000 TOTALS			

(10) Beginning Balance 7/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2015
\$ 247,341	\$ -	\$ 89,698	\$ 21,948	\$ (23,201)	\$ 112,494
71,183	-	12,744	3,665	(3,436)	51,338
136,299	-	81,094	30,722	60,852	85,335
196,335	-	88,320	38,215	24,232	94,032
222,552	-	184,625	79,886	225,370	183,411
367,308	-	171,800	80,944	100,904	215,468
393,234	-	159,636	75,213	202,826	361,211
497,200	-	174,912	82,410	231,703	471,581
1,627,280	-	780,273	367,629	116,835	596,213
-	182,078,334	121,781,038	58,548,576	-	1,748,720
<u>\$ 3,758,732</u>	<u>\$ 182,078,334</u>	<u>\$ 123,524,140</u>	<u>\$ 59,329,208</u>	<u>\$ 936,085</u>	<u>\$ 3,919,803</u>

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,030,138	\$ 3,030,138	\$ 3,435,597	\$ 405,459
5800	State Program Revenues	60,000	60,000	57,442	(2,558)
5900	Federal Program Revenues	-	-	584	584
5020	Total Revenues	3,090,138	3,090,138	3,493,623	403,485
EXPENDITURES:					
0035	Food Services	9,428,500	9,428,500	9,406,148	22,352
6030	Total Expenditures	9,428,500	9,428,500	9,406,148	22,352
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,338,362)	(6,338,362)	(5,912,525)	425,837
OTHER FINANCING SOURCES (USES):					
7952	National School Breakfast Program	1,216,527	1,216,527	1,226,632	10,105
7953	National School Lunch Program	4,620,835	4,620,835	4,358,990	(261,845)
7954	Donated Commodities (USDA)	500,000	500,000	541,475	41,475
7955	Investment Income	1,000	1,000	847	(153)
7080	Total Other Financing Sources (Uses)	6,338,362	6,338,362	6,127,944	(210,418)
1200	Change in Net Position	-	-	215,419	215,419
0100	Total Net Position - July 1 (Beginning)	3,223,318	3,223,318	3,223,318	-
3000	Total Net Position - June 30 (Ending)	\$ 3,223,318	\$ 3,223,318	\$ 3,438,737	\$ 215,419

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 56,339,455	\$ 59,000,294	\$ 59,697,046	\$ 696,752
5020	Total Revenues	56,339,455	59,000,294	59,697,046	696,752
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	27,884,304	27,884,304	27,884,304	-
0072	Interest on Long Term Debt	27,857,801	28,141,415	27,933,418	207,997
0073	Bond Issuance Cost and Fees	597,350	1,650,000	1,525,573	124,427
6030	Total Expenditures	56,339,455	57,675,719	57,343,295	332,424
1100	Excess of Revenues Over Expenditures	-	1,324,575	2,353,751	1,029,176
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Refunding Bonds)	-	133,210,000	133,210,000	-
7915	Transfers In	-	-	24	24
7916	Premium or Discount on Issuance of Bonds	-	22,078,078	22,078,078	-
8949	Other (Uses)	-	(154,255,497)	(154,255,497)	-
7080	Total Other Financing Sources (Uses)	-	1,032,581	1,032,605	24
1200	Net Change in Fund Balances	-	2,357,156	3,386,356	1,029,200
0100	Fund Balance - July 1 (Beginning)	56,166,524	56,166,524	56,166,524	-
3000	Fund Balance - June 30 (Ending)	\$ 56,166,524	\$ 58,523,680	\$ 59,552,880	\$ 1,029,200

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FEDERAL AWARDS SECTION

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PUBLIC ACCOUNTANTS

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

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CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST  
P.O. BOX 977  
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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, 2015, 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 10, 2015.

**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 10, 2015

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, 2015. 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, 2015.

## 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 10, 2015

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

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 I, Part A  
CFDA 84.002 Adult Education (ABE)
8. Dollar threshold used to distinguish between Type A and Type B programs: \$480,767.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

Finding 2015-01 – Prior Approval for Child Nutrition Capital Outlay Expenditures

Criteria: The Texas Department of Agriculture's Administrative Reference Manual requires that prior to making a capital outlay expenditure from child nutrition funds, the District must submit a request to the Texas Department of Agriculture (TDOA) and must have TDOA approval before purchasing the capital outlay item.

Condition: During the fiscal year ended June 30, 2015 the District made several purchases of capital outlay items without obtaining prior approval from TDOA.

DENTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015

III. Other Findings-continued

Questioned Costs: None.

Cause: The District was not aware of this requirement.

Effect: The District was not in compliance with this TDOA requirement.

Recommendation: The District is now aware of the requirement to obtain prior approval from TDOA for capital outlay purchases and plans to obtain such approval in the future.

DENTON INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2015

Contact for Corrective Action Plan:

Debbie Monschke, Assistant Superintendent of Administrative Services 940-369-0010

Finding 2015-01 – Prior Approval for Child Nutrition Capital Outlay Expenditures

Corrective Action: In the future, for purchases of capital outlay in the child nutrition program, the District will send a completed Request for Purchase form from the Administrator's Reference Manual for Child Nutrition Programs to the Texas Department of Agriculture (TDOA) for prior approval. In addition, our purchasing department will verify the approval of TDOA prior to issuing a purchase order.

DENTON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2015

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>DEPARTMENT OF THE ARMY, OFFICE OF THE CHIEF DEPT.</b>			
<u>Passed through State of Texas</u>			
Federal Flood Control	12.106		\$ 133,885
Total Passed through State of Texas			\$ 133,885
<b>TOTAL DEPARTMENT OF THE ARMY, OFFICE OF THE CHIEF DEPT.</b>			<b>\$ 133,885</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
ROTC	12.000	01-061901	\$ 197,318
Total Direct Programs			\$ 197,318
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>\$ 197,318</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	\$ 9,391
Total Passed through Texas Woman's University			\$ 9,391
<u>Passed through University of North Texas</u>			
Title III, Part A - English Language Acq-Nexus	84.365	T365Z120143	\$ 4,627
Total Passed through University of North Texas			\$ 4,627
<u>Passed through Texas Workforce Commission</u>			
SSA-Adult Education (ABE) - Federal	84.002	0415ABE001	\$ 527,247
SSA-Adult Education (ABE) - Federal	84.002	0414ABE001	34,691
Total CFDA Number 84.002			561,938
SSA-Temporary Assistance for Needy Families	93.558	0415ABE001	23,684
SSA-Temporary Assistance for Needy Families	93.558	0414ABE001	95
Total CFDA Number 93.558			23,779
Total Passed through Texas Workforce Commission			\$ 585,717
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101061901	\$ 52,095
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101061901	2,344,600
*ESEA, Title I, Part D, Subpart 2	84.010A	14610103016901	3,434
*ESEA, Title I, Part D, Subpart 2	84.010A	15610103061901	172,127
Total CFDA Number 84.010A			2,572,256
*IDEA - Part B, Formula	84.027	146600010619016600	61,409
*IDEA - Part B, Formula	84.027	156600010619016600	3,298,898
*SSA - IDEA - Part B, Discretionary	84.027	156600020619016673	30,495
*SSA - IDEA - Part B, Deaf	84.027	156600010619016601	38,896
Total CFDA Number 84.027			3,429,698
*IDEA - Part B, Preschool	84.173	156610010619016610	58,454
*SSA - IDEA - Part B, Preschool Deaf	84.173	156610010619016611	4,246
Total CFDA Number 84.173			62,700
Total Special Education Cluster (IDEA)			3,492,398
SSA - Career and Technical - Basic Grant	84.048	15420006061901	261,166
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	1539110106190139111	2,110
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	156950167110013	159,050
Title III, Part A - English Language Acquisition	84.365A	14671001061901	9,185

DENTON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT K-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title III, Part A - English Language Acquisition	84.365A	15671001061901	398,927
Title III, Part A - Immigrant	84.365A	15671003061901	40,049
Total CFDA Number 84.365A			448,161
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501061901	7,172
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501061901	507,248
Total CFDA Number 84.367A			514,420
Summer School LEP	84.369A	69551402	34,778
Total Passed Through State Department of Education			\$ 7,484,339
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>\$ 8,084,074</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061901	\$ 109,131
Head Start	93.600	06CH5416/49	1,285,847
Total Direct Programs			\$ 1,394,978
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 1,394,978</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401501	\$ 1,226,632
*National School Lunch Program - Cash Assistance	10.555	71301501	4,358,990
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301501	541,475
Total CFDA Number 10.555			4,900,465
*Summer Feeding Program - Cash Assistance	10.559	TX061-1501	87,636
*Healthy Hunger-Free Kids Act of 2010	10.592	01-061901	584
Total Child Nutrition Cluster			6,215,317
Total Passed Through the State Department of Agriculture			\$ 6,215,317
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>\$ 6,215,317</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 16,025,572</b>

\*Clustered Programs



DENTON INDEPENDENT SCHOOL DISTRICT  
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2015

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

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

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

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015, 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	\$16,025,572
Indirect Costs	654,937
Federal Excise Tax Rebate	76,205
Medicaid Reimbursement	<u>2,527,939</u>
 Federal Revenues per Financial Statements	 <u>\$19,284,653</u>