

WE SAOR! TOGETHE

Welcome

EAGLE AMBASSADORS



#TogetherWeSoar!



Today's Agenda

Liz Stewart – Chief Financial Officer

- **School Finance 101**
- **School District Budgeting**
- **Growth**
- **Bond & Growth Process**
- **Legislative Recap**

ARGYLE ISD

SCHOOL FINANCE 101

OCTOBER 18, 2023

Liz Stewart, CFO





How are School Districts Funded

State funding formulas are legislatively mandated.

Basic Allotment

The current basic allotment of \$6,160 per student has not changed since 2019.

Average daily attendance (ADA)

Based on student attendance.

Weighted Allotments

Student populations that require additional resources: at-risk, economically disadvantaged, bilingual, special education, gifted and talented, career and technical education, and dyslexia.



How are School Districts Funded

General Operating Fund (Maintenance & Operations)

Day-to-Day Operations and Expenses

School District

Expenses:

- Staff Salaries
- Utilities
- Supplies
- Repairs
- Fuel



Similar Taxpayer

Expenses:

- Groceries
- Utilities
- Minor Home Repairs
- Routine Services
- Car Fuel

Debt Services Fund (Interest & Sinking)

Principal and Interest Payments on Debt Issued

School District

Expenses:

- New Construction
- Renovations
- HVAC Systems
- Roofing
- Technology



Similar Taxpayer

Expenses:

- Mortgage
- Home Renovation
- Major Appliances
- Land
- Car



Foundation School Program (FSP)

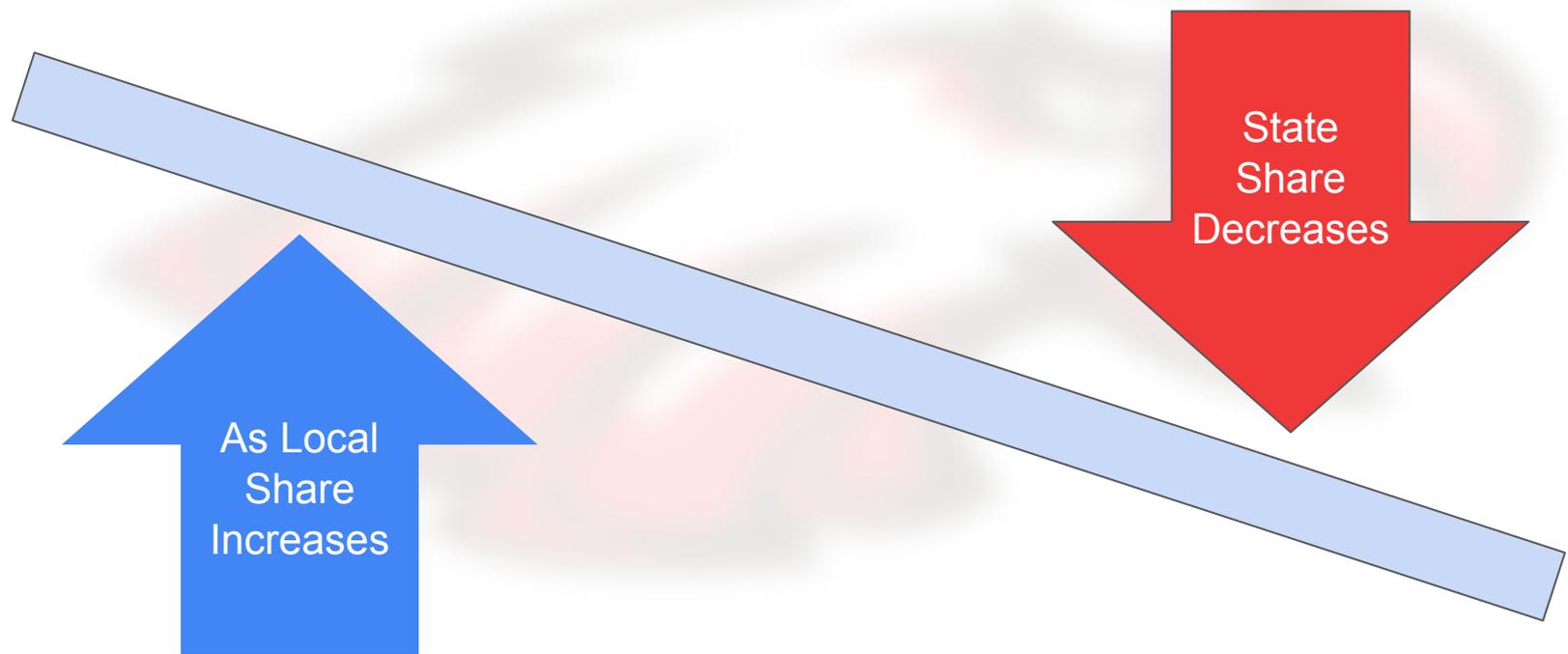
The FSP establishes how much state funding school districts are entitled to receive.

Formulas are set in statute (Chapters 46 & 48), and they consider both student and district characteristics including the number and type of students enrolled, district size and geographic factors, and local taxable property values and tax rates.

Generally, once entitlements are established, the formulas are used to determine how much a district can generate locally (local share) through property taxes before including state funds (state share).



Local Share vs. State Share





The budget process is ongoing throughout the year.

Collection of data, planning and review meetings with campuses and departments, and presentations to the Board of Trustees.

MARCH

Budget information presented to Board of Trustees

APRIL

Preliminary values from Denton County Appraisal District

MAY

Budget workshop with Board of Trustees

JUNE

Compensation plan approval

JULY

- Certified values from Denton County Appraisal District
- Publish Notice of Public Hearing

AUGUST

Hearing to adopt budget and tax rate



Key Budget Development Factors

- District Strategic Plan
- Legislative Changes
- Enrollment and Attendance
- Taxable Assessed Property Values
- Tax Rate
- Formula Transition Grant



District Strategic Plan

FISCAL RESPONSIBILITY ACTION PLAN

Strategy 5:

We will maintain fiscal accountability.

Specific Result 1:

Accounting for expected or projected growth.



District Strategic Plan

FISCAL RESPONSIBILITY ACTION PLAN

Action Step

- Maintain an accurate accounting of opening a new school cost analysis.
- Review the spring demographic projections and maintain less than a 3% variation.
- Maintain the district's bond rating of Aa3 or higher.
- Stay within the projected bonding capacity with the guidance of the district's financial advisors.



District Strategic Plan

FISCAL RESPONSIBILITY ACTION PLAN

Specific Result 2:

Reallocate current expenditures to effectively support the strategic goals of the district.

Action Step

- Annually review strategic action plans for inclusion in budget planning
- Maintain a balanced budget over a continuous three year period



Legislative Changes

- Every two years - school finance can change
- Basic Allotment has not been increased since 2019
- Currently in the 3rd called Special Session
 - SB1 - ESAs (vouchers)
 - SB2 - School Funding & Teacher Pay
- [Take Action Argyle](#)



Estimating Revenues



Enrollment and Attendance

- Spring Demographic Report
- First year to receive 'high' and 'mid' projections
- Budget based on 'mid' projections
- 95-96% attendance rate
- Estimating 5,298 ADA (average daily attendance)

Estimated revenues are dependent on estimated ADA.

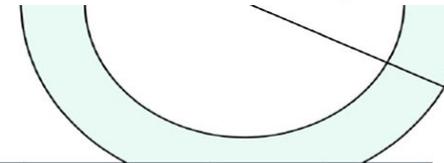


Ten Year Forecast by Grade Level

Year (OCT)	EE	PK	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total	Total Growth	Total %
2018/19	26	36	219	187	223	239	210	232	247	250	273	256	230	226	207	3,061		
2019/20	21	40	268	251	245	257	279	240	275	282	274	299	282	246	224	3,483	422	13.8%
2020/21	13	39	268	283	272	256	286	301	280	320	327	313	306	287	244	3,795	312	9.0%
2021/22	20	36	310	294	330	308	315	331	348	337	367	369	341	334	298	4,338	543	14.3%
2022/23	9	101	325	347	346	398	374	373	396	401	371	416	379	355	331	4,922	584	13.5%
2023/24	9	101	384	389	401	400	458	438	440	456	452	435	435	382	341	5,520	598	12.2%
2024/25	9	101	420	446	434	452	444	506	518	508	503	500	442	426	367	6,076	555	10.1%
2025/26	9	101	453	470	481	465	484	476	592	591	581	571	507	440	419	6,640	564	9.3%
2026/27	9	101	487	498	510	522	519	539	578	684	647	636	579	504	425	7,238	598	9.0%
2027/28	9	101	540	544	553	562	583	579	647	647	739	699	649	579	494	7,924	687	9.5%
2028/29	9	101	563	587	591	605	605	626	694	724	699	798	699	623	567	8,490	566	7.1%
2029/30	9	101	587	626	627	632	643	642	701	777	782	755	798	685	611	8,975	485	5.7%
2030/31	9	101	623	650	670	671	679	688	718	785	839	845	755	782	671	9,486	511	5.7%
2031/32	9	101	647	685	700	730	716	723	770	804	848	906	845	740	766	9,991	505	5.3%
2032/33	9	101	672	704	740	757	779	764	810	862	868	916	906	828	725	10,442	451	4.5%

Yellow box = largest grade per year
Green box = second largest grade per year

Spring 2023 Update

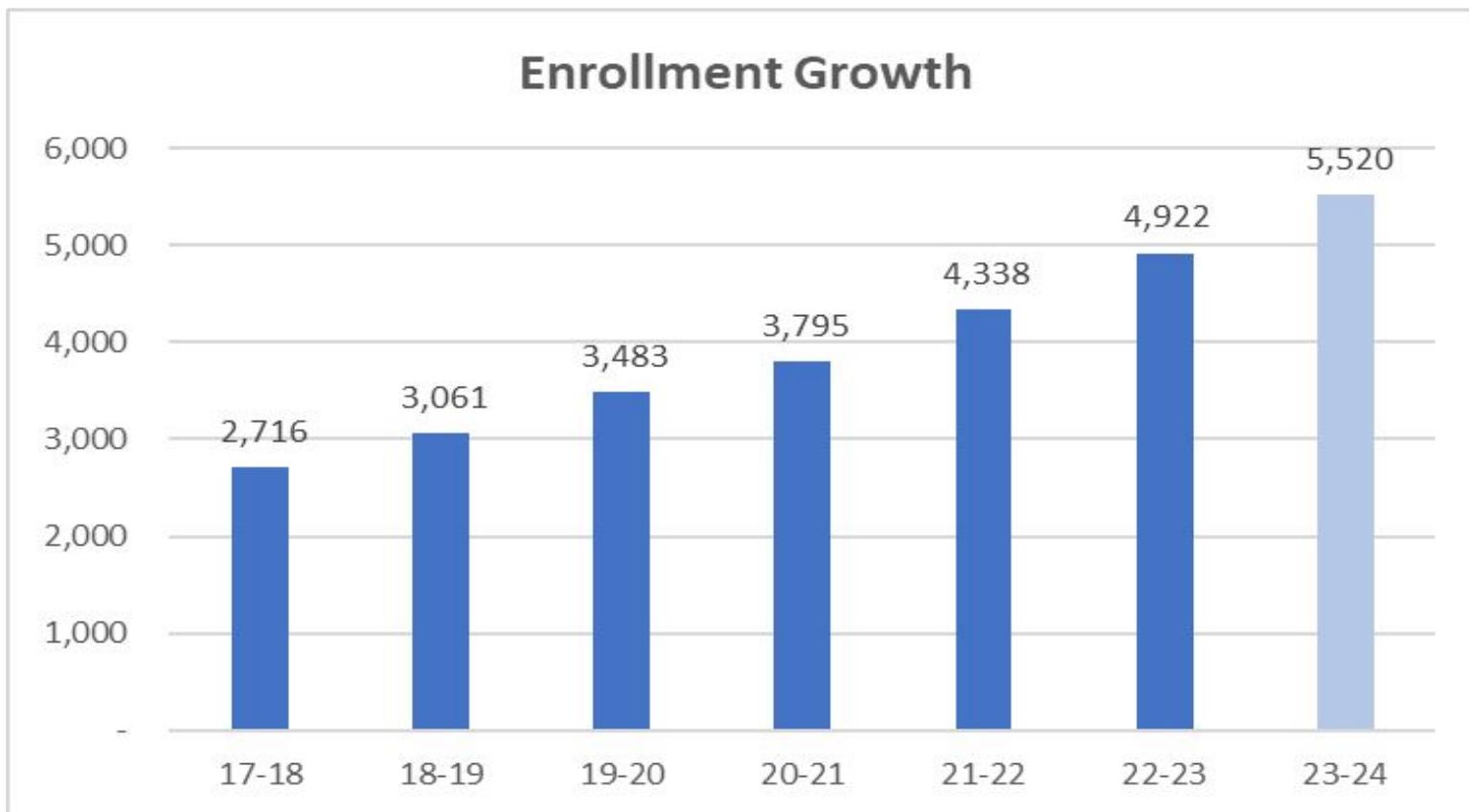


Ten Year Forecast by Grade Level - HIGH

Year (OCT)	EE	PK	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total	Total Growth	Total %
2018/19	26	36	219	187	223	239	210	232	247	250	273	256	230	226	207	3,061		
2019/20	21	40	268	251	245	257	279	240	275	282	274	299	282	246	224	3,483	422	13.8%
2020/21	13	39	268	283	272	256	286	301	280	320	327	313	306	287	244	3,795	312	9.0%
2021/22	20	36	310	294	330	308	315	331	348	337	367	369	341	334	298	4,338	543	14.3%
2022/23	9	101	325	347	346	398	374	373	396	401	371	416	379	355	331	4,922	584	13.5%
2023/24	9	101	401	405	417	417	476	455	459	475	471	453	453	398	355	5,746	824	16.7%
2024/25	9	101	456	484	471	490	482	548	561	552	546	543	479	462	398	6,583	837	14.6%
2025/26	9	101	517	537	550	531	552	543	676	674	635	623	554	479	457	7,438	856	13.0%
2026/27	9	101	558	570	586	601	595	619	663	785	741	699	635	554	465	8,180	742	10.0%
2027/28	9	101	618	623	633	646	671	664	743	743	848	800	713	635	543	8,990	810	9.9%
2028/29	9	101	645	672	677	693	696	720	796	832	802	916	800	684	622	9,664	674	7.5%
2029/30	9	101	673	716	718	724	736	738	806	891	899	866	916	784	670	10,247	582	6.0%
2030/31	9	101	714	745	767	769	778	789	826	902	962	971	866	898	768	10,863	617	6.0%
2031/32	9	101	742	784	803	835	819	830	883	925	974	1,039	971	849	880	11,444	580	5.3%
2032/33	9	101	771	806	846	868	891	874	929	989	999	1,052	1,039	952	832	11,959	515	4.5%

Spring 2023 Update

Yellow box = largest grade per year
Green box = second largest grade per year





Enrollment Update

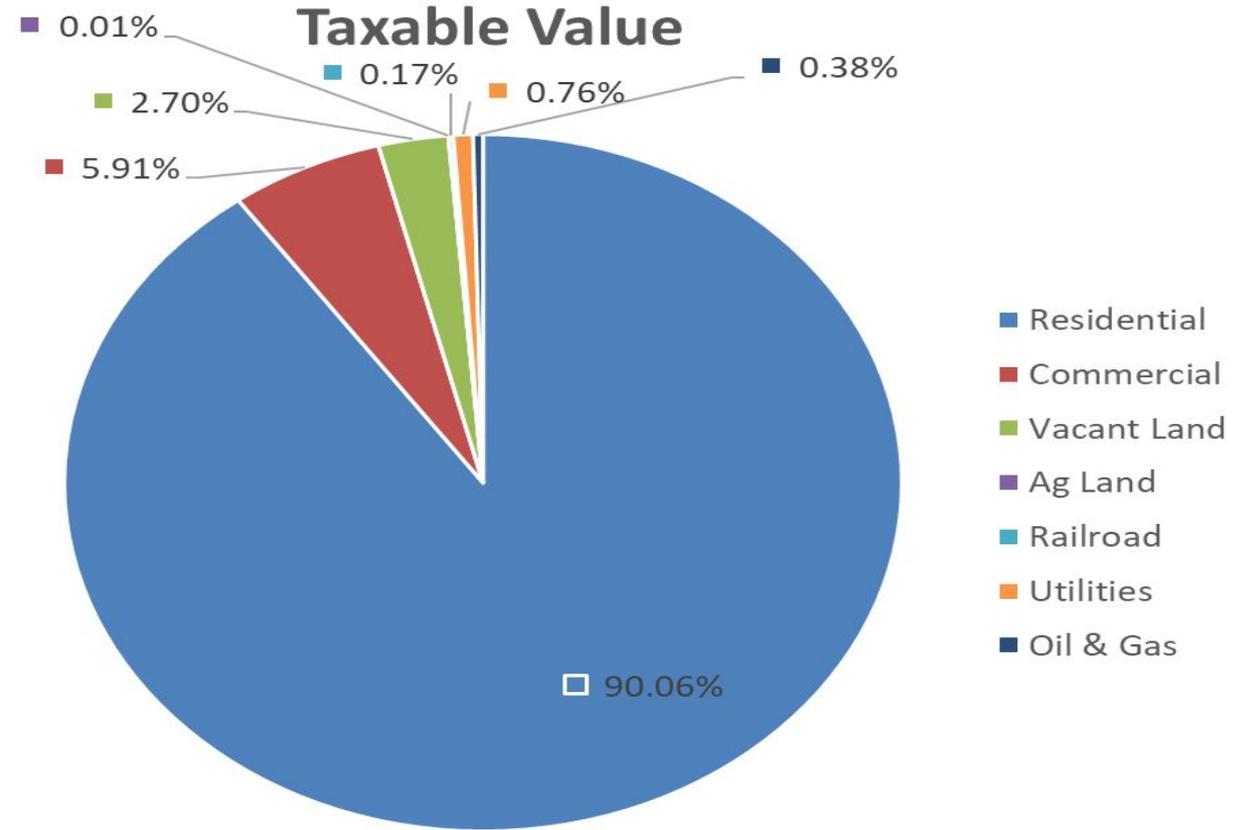
	Projected	10/13/2023
	Enrollment	Enrollment
Hilltop Elementary	635	661
South Elementary	997	959
West Elementary	947	957
Sixth Grade Center	440	429
Middle School	908	840
High School	1,593	1,525
Total Enrollment	<u>5,520</u>	<u>5,371</u>



Taxable Assessed Property Values

Denton County Appraisal District provides estimated values at the end of April and Certified values by July 25th.

- **Preliminary** DCAD estimate - 34% increase (\$40K Homestead)
 - **Certified** at \$40K Homestead - 29% increase
 - **Certified** at \$100K Homestead - 22% increase





Property Value Comparison





Legislative Special Session #2

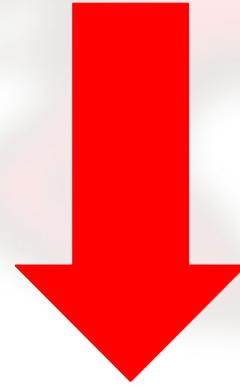
- Property tax relief package
- Additional M&O tax compression
- Increases homestead exemption to \$100,000
- 20% appraisal cap on non-homestead residential & commercial real property less than \$5M
- Hold harmless provision for M&O and some I&S

The Basic Allotment has not been increased since 2019.



Tax Rate Information

\$0.1854





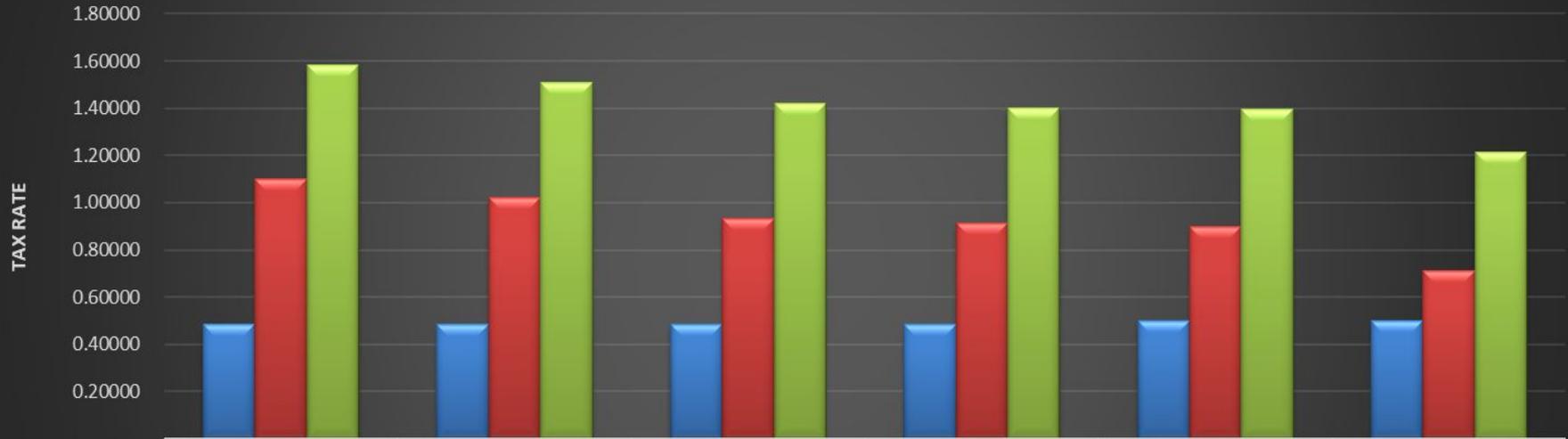
November 2023 Election

- **Proposition 4** - Constitutional Amendment to increase the homestead exemption to \$100,000 and adjusts over 65 frozen taxes.
 - If approved by voters, homeowners with the homestead exemption would see an increase in the current exemption from \$40,000 to \$100,000.

- **Proposition 9** - Cost-of-living increase for retired educators



Argyle ISD Tax Rates



	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
I&S Rate	0.48500	0.48500	0.48500	0.48500	0.50000	0.50000
M&O Rate	1.10005	1.02300	0.93370	0.91500	0.89760	0.71220
Total Tax Rate	1.58505	1.50800	1.41870	1.40000	1.39760	1.21220



Formula Transition Grant

- [Part of HB3 funding formula](#), TEC 48.277 (2019)
- HB1525 – statewide limit per year (2021)
- If statewide total > \$400M – amounts will be prorated
- 23-24 last year of funding

Expiration of FTG will create a funding cliff for 24-25.



Budget Fund Sources

Local

Property taxes make up the majority of revenue received. Property values are assessed by the Denton County Appraisal District.

State

The Texas Education Agency (TEA) provides funding primarily based on student attendance. State revenue makes up the difference between total revenue earned and local tax revenue. When the local tax revenues increase the state share decreases.

Federal

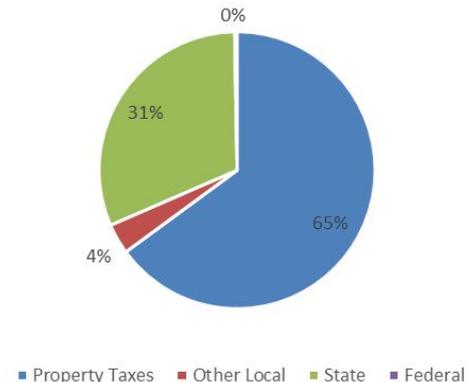
Federal funds are received as reimbursements for funds expensed by the district.

General Fund Revenue

2023-2024 Budget

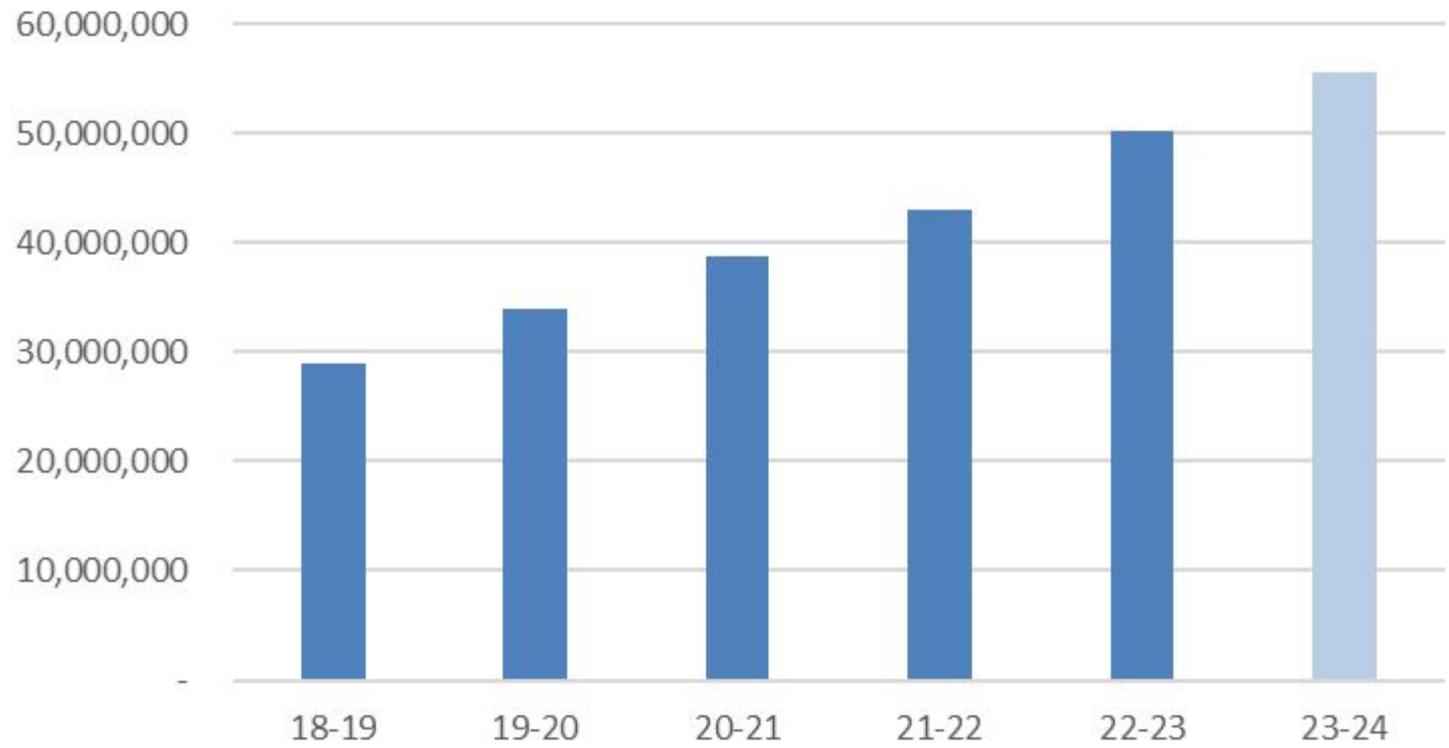
Property Taxes	\$	35,915,000
Other Local	\$	1,965,500
State	\$	17,264,500
Federal	\$	157,500
	\$	<u>55,302,500</u>

General Fund Estimated Revenue



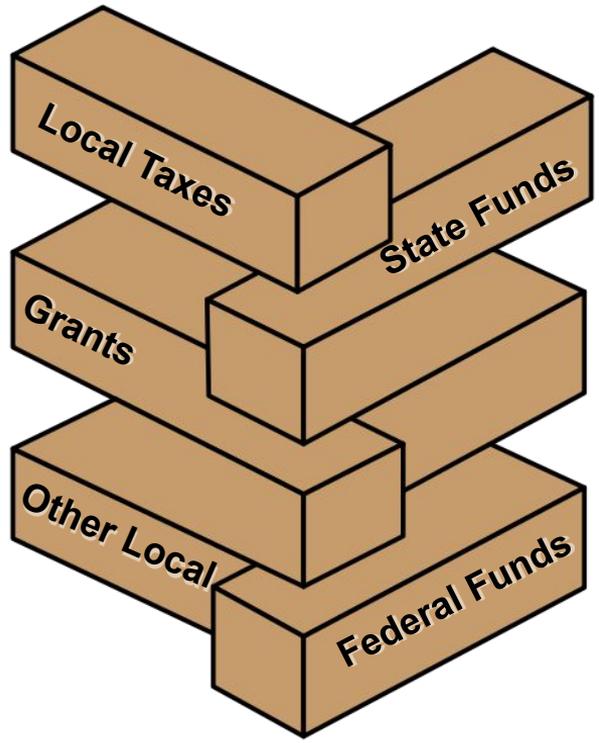


General Fund Revenue

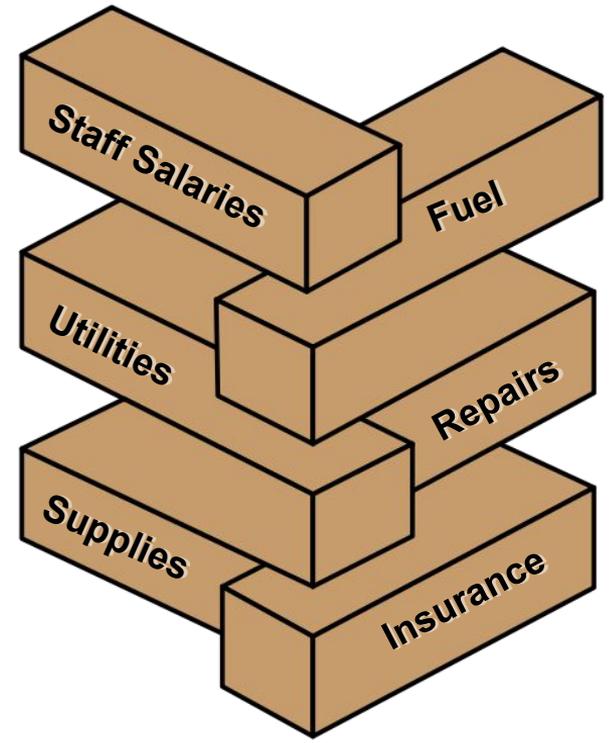


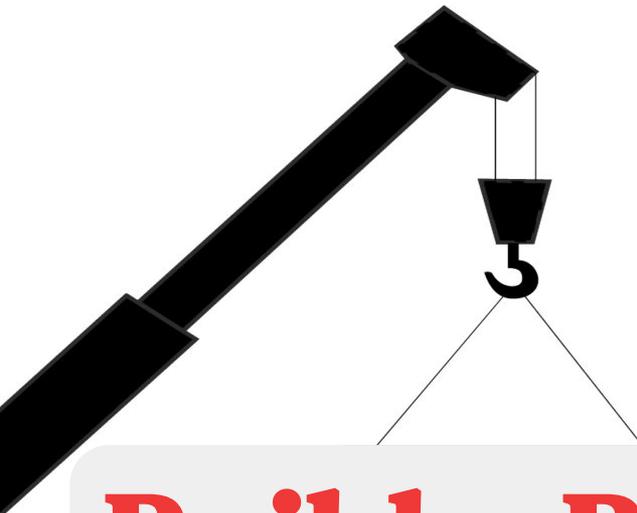


REVENUES



EXPENSES





Build a Budget



Personnel – all staff pay and benefits

Contracted Services – contracted maintenance and repair services, utilities, copier rentals, audit services, legal services, etc

Insurance/Travel/Misc – Property, fleet, and liability insurance, dues, student travel, staff travel, miscellaneous

Supplies – classroom supplies, office supplies, building supplies, fuel, copy paper

Capital Outlay – Any single item that is \$5,000 or more. Vehicles, HVAC systems, renovations and additions

Recapture – Local revenue in Excess of Entitlement as defined by TEC



Estimating Expenditures



Campus & Department Budgets

- Campus budgets based on resource allocation
- CLT Input
- Special funding requests
- Department budgets based on need
- 5-year plans



Budget Considerations

- Personnel – largest % of overall budget – 80%
- Increased enrollment = increased staffing FTEs
- Opening new campuses
- Campus and department requests
- Utilities
- Fuel
- Inflation



Budget Increases 23-24

\$ 95,000	Recapture
\$ 65,000	Campus Budget
\$ 146,500	Property/Fleet Insurance
\$ 375,500	Custodial Services
\$ 76,000	Utilities
<u>\$1,300,000</u>	Compensation Plan
\$2,058,000	



Code Structure

The Board adopts the budget at the fund and function levels.

XXX	-	XX	-	XXXX	-	XX	-	XXX	-	X	-	XX	-	XXX
Fund		Function		Object Code		Sub Object		Organization		Fiscal Year		Program Intent		Local Option

Fund: General Funds, Special Revenue Funds, Debt Service Funds, Capital Projects, Enterprise Funds

Function: Instruction and Instruction-related Services, Instructional and School Leadership, Student Support Services, Administrative Support Services, Support Services, Ancillary Services, Debt Service, Capital Outlay, Intergovernmental Charges.



General Fund Expense by Function	General Fund					Budget
	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
11 Instruction	15,838,930	19,328,901	21,177,663	24,105,495	28,398,216	31,964,595
12 Instr. Media Serv	395,055	523,634	605,483	622,991	555,929	678,093
13 Staff Developme	101,405	103,024	110,726	135,081	134,689	170,954
21 Instr. Leadership	206,291	282,559	363,780	517,172	569,750	1,042,090
23 School Leadershi	1,602,536	1,839,161	2,029,239	2,140,535	2,486,723	2,777,533
31 Counseling	666,407	851,960	937,270	1,186,244	1,467,742	1,917,953
33 Health Services	359,853	440,402	437,533	506,243	537,560	653,552
34 Student Transp.	1,331,159	1,184,311	1,448,265	2,086,295	2,012,692	2,275,543
35 Student Nutritio	39,774	-	48,414	68,824	-	-
36 Extracurricular	1,449,502	1,518,153	1,719,297	2,181,131	2,280,336	2,488,342
41 General Admin.	1,148,298	1,306,468	1,455,882	1,642,340	2,262,695	2,580,616
51 Plant Maint.	3,022,874	3,467,622	4,198,209	5,191,616	5,908,076	6,740,446
52 Security & Mon.	224,880	306,115	293,740	437,667	721,437	879,746
53 Data Processing	699,980	779,571	880,489	1,086,977	1,222,030	1,326,486
81 Facilities Acq/Co	207,743		2,198,011	65,867	100,710	-
91 Cont. Instr. Btw S	286,371	54,161	68,429	101,874	167,103	250,000
93 Payments -Share	606,911	811,494	904,923	36,205	10,500	12,000
99 Intergovernment	188,571	217,812	225,812	251,570	311,652	410,000
Total Expenses	28,376,540	33,015,348	39,103,165	42,364,127	49,147,840	56,167,949



						Budget
General Fund Expense	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
61XX - Payroll	21,802,872	26,312,486	29,039,316	33,379,250	39,777,094	45,221,786
6222 - Recapture	286,371	54,161	68,429	101,874	167,104	250,000
62XX - Contracted Services	2,770,561	3,004,380	3,656,163	4,385,860	4,934,907	5,778,145
63XX - Supplies	1,718,515	1,947,848	2,099,013	2,588,270	2,688,315	3,093,168
64XX - Travel/Insurance	1,300,290	1,523,804	1,719,889	1,267,520	1,365,058	1,759,850
66XX - Capital Outlay	497,931	172,669	2,520,355	641,353	215,362	65,000
Total General Fund Expense	28,376,540	33,015,348	39,103,165	42,364,127	49,147,840	56,167,949



Acronym Challenge



PEIMS

Public
Education
Information
Management
System



MOE

Maintenance
Of
Effort



ADA

Average
Daily
Attendance



FTG

Formula
Transition
Grant



PSF

Permanent
School
Fund



SHARS

School
Health
And
Related
Services



V A T R E

Voter
Approved
Tax
Rate
Election



FIRST

Financial
Integrity
Rating
System of
Texas



PEIMS – Public Education Information Management System

Encompasses all data requested and received by TEA about public education, including student demographic and academic performance, personnel, financial, and organizational information.



MOE – Maintenance of Effort

Requires local educational agencies (LEAs) to maintain the level of state and local funds they spend to support federal programs from one fiscal year to the next. LEAs that receive a federal grant awarded under the Individuals with Disabilities Education Act, Part B (IDEA-B), the MOE requirement specifies that you must spend at least the same amount of state and local funds to provide services to students with disabilities that you spent in the previous fiscal year.



ADA – Average Daily Attendance

- Number of students in average daily attendance
- Sum of attendance / days of instruction
- Used to calculate Tier 1 allotments



FTG – Formula Transition Grant

House Bill 3 was passed in 2019 by the 86th Texas Legislative Session to reduce and reform property taxes and recapture, intending to produce increased funding for school districts.

When the applied reform generated little to no increase for some districts, the Formula Transition Grant was established. The FTG was critical and short-term, saving districts from a funding loss. The grant provided at least a three percent increase in per-student funding to districts affected negatively by the new funding formula.



PSF – Permanent School Fund

The Texas Permanent School Fund (PSF) was created by the Texas Legislature in 1854 expressly for the benefit of the public schools of Texas.

The PSF is pledged to guarantee bonds issued by Texas school districts thus enhancing their credit rating. Bonds issued under the Bond Guarantee Program are rated AAA, thus allowing participating school districts to borrow at a lower cost.

Argyle ISD has a bond rating of Aa3



SHARS – School Health and Related Services

This program allows Texas LEAs to request reimbursement for Medicaid health-related services. The admission, review, and dismissal (ARD) committee determines SHARS services.



VATRE – Voter Approved Tax Rate Election

- Triggered by tax rate adoption when the M&O tax rate to cover district budget isn't enough.
- Voters ratify adopted tax rate approved by Board of Trustees when the adopted rate exceeds:

MCR Tier 1 + prior year Tier 2, or \$0.05 + Debt Rate

- Subject to recapture
- Election held in November
- Argyle ISD voters approved a TRE in 2012



FIRST – Financial Integrity Rating System of Texas

The state's school financial accountability rating system ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve these practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

Argyle ISD received an “A” rating for “Superior Achievement” under Texas’ School FIRST financial accountability rating system. The “Superior Achievement” rating is the state’s highest, demonstrating the quality of Argyle ISD’s financial management and reporting systems.

The district has received the highest rating for the past 20 years.



ASF – Available School Fund Payments

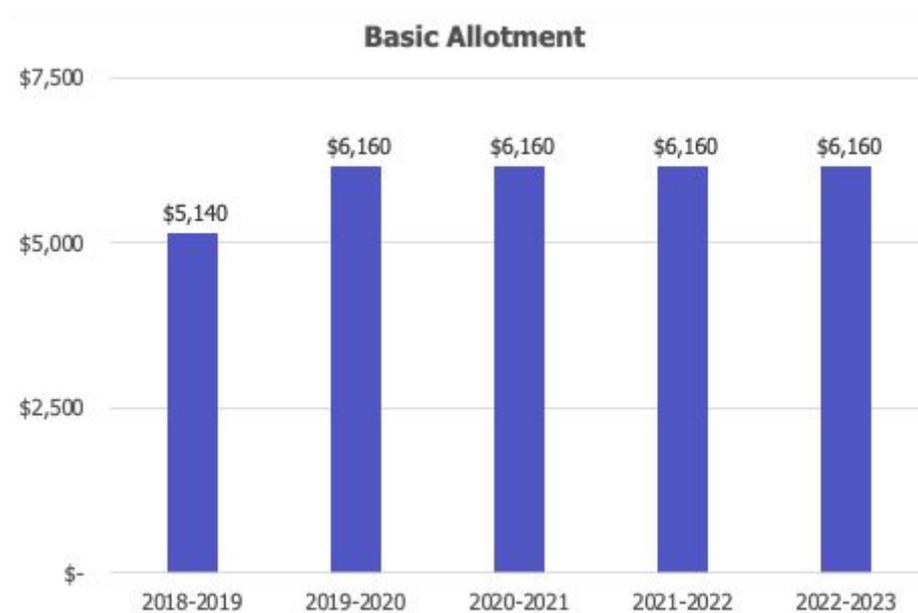
All Texas school districts and charter schools are entitled, under the Texas Constitution, to receive payments from the ASF for each eligible student enrolled. The ASF is primarily made up of earnings from the Permanent School Fund (PSF), 25% of the state's motor fuels tax, and transfers from the General Land Office (GLO).

The ASF serves as a finance method for the Foundation School Program (FSP). This source of revenue helps pay the state's FSP payments to school districts and charter schools. ASF payments are based on a district's or charter school's prior year average daily attendance (ADA).



BA – Basic Allotment

The basic allotment is the legislatively mandated apportionment of funds from the general revenue funds that goes to each school district to provide a basic level of education for the district's residents.





What is a School District Bond Election?

In the same way homeowners borrow money in the form of a mortgage to finance the purchase of a home, a school district borrows money in the form of bonds to finance the design construction, expansion and renovation of schools and facilities.

Bonds must be approved by voters in a bond election then sold to investors in the capital market.



Bond Elections

Bond programs can be planned for short term or long term.

Bond authorization \neq bond issue.

Bond issues may occur over a period of time based on the current bond capacity and schedule of projects.

A bond authorization specifies the amount of the bonds the district is authorized by voters to sell.



How are School Districts Funded

General Operating Fund (Maintenance & Operations)

Day-to-Day Operations and Expenses

School District

Expenses:

- Staff Salaries
- Utilities
- Supplies
- Repairs
- Fuel



Similar Taxpayer

Expenses:

- Groceries
- Utilities
- Minor Home Repairs
- Routine Services
- Car Fuel

Debt Services Fund (Interest & Sinking)

Principal and Interest Payments on Debt Issued

School District

Expenses:

- New Construction
- Renovations
- HVAC Systems
- Roofing
- Technology



Similar Taxpayer

Expenses:

- Mortgage
- Home Renovation
- Major Appliances
- Land
- Car



2017 Bond \$166,000,000

- New Construction
 - Phase II High School ✓
 - Elementary #2 ✓
 - Elementary #3 ✓
 - 12 Classroom addition 377 campus ✓
- Existing Facilities Renovations
 - 377 Campus ✓
 - Sixth Grade Center ✓
 - Hilltop Elementary ✓
- Support Facilities
 - Administration Building ✓
 - Transportation/Maintenance Buildings - Nov 2023
- Technology ✓
- Buses ✓



2022 Bond \$267,885,000

- **Proposition A** \$221,085,000
 - Elementary #4
 - Elementary #5
 - Middle School
 - Design Middle School #2
 - Hilltop Playground ✓
 - Furniture Refresh
 - AHS Acoustic Sound Shell ✓
 - Technology Infrastructure
 - Buses
 - Land
 - Safety & Security Upgrade
- **Proposition B** \$26,915,000
 - Stadium
- **Proposition C** \$19,885,000
 - Indoor Activity Center

Bond and Growth Planning Committee 2023

The purpose of the Bond and Growth Planning Committee is to represent the Argyle ISD community in the study of data related to student enrollment, district finances, and facility needs, and in recommending to the Board of Trustees a bond program to address district-wide facility needs due to growing student enrollment.

The BGPC has been established and will begin meeting in the fall of 2023.

The committee is scheduled to make a recommendation to the Board of Trustees in January of 2024 regarding a possible May 2024 Bond election.

Committee Charge

The Bond and Growth Planning Committee recommendation will:

- Consider the needs of all district students.
- Represent the priorities, expectations, and values of the entire community.
- Use facts and data to make informed recommendations.
- Develop facility plans that support common educational goals of the district, including safety and security.
- Understand the district's finances in order to develop and recommend a bond that is fiscally responsible.

Committee Members

Siva Alapati
Josh Combs
Jen De La Porte
Randy Fite
Brian Gasperson
Mackenzie Hankins
Diana LeMaster
Rich McDowell
Michael Pritschow
Hannah Robinson
Lauren Smits
Remesh Thatavarthi
Laiken Zamzow
Kate Bell
Amy Cook
Dillon Deason
Britt Flaten
Mark Gipson

Aarushi Jain
Caleb Leonard
Josh Pezzuto
Todd Rabey
Ron Schmidt
Tim Stebbins
Cole Tisdale
Jennifer Zenuch
Jonah Bird
Taber Crawford
Erika Dietz
Justin Ford
Becky Gomez
Stephanie Kelly
Hilary Loupot

Scott Pitt
Kim Reding
Mykeall Sheperd
Josh Sterling
Kim Vissers
Jimmy Chacko
Sarah Davee
Angela Dixon
Matt Friess
Darrell Halk
Jane Krzysiak
Wendy McCue
David Powell
Susan Rendon
Kris Simon
Curtis Strange
Monika Wadhera



Transparency Stars

The Texas Comptroller of Public Accounts
awards the **Argyle Independent School District**
the **Traditional Finances Star**

for exemplary efforts in creating financial transparency around public services and spending decisions. The Transparency Stars program recognizes local governments across Texas that are striving to meet a high standard for financial transparency online. These efforts provide citizens with clear, consistent information about public spending in user-friendly formats.

Awarded
April 2023



[Argyle ISD Financial Transparency](#)



Game Time!

Kahoot!





Legislative Recap

- **SB 1**
- **SB 2**
- **Senator Parker**
- **State Reps Hayes, Thimesch, and Stucky**
- **Advocacy Efforts**
- **District Efficiencies and Planning**



Next Month

Learner Services with Dr. Dawn Jordan

