

ARGYLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2023

ARGYLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

Argyle Independent School District
Name of School District

Denton
County

061-910
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 August 31, 2023, at a meeting of the Board of Trustees of such school district on the 18th day of December, 2023.



Signature of Board Secretary



Signature of Board President

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Independent Auditor's Report

Argyle Independent School District
Argyle, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Argyle Independent School District as of and for the year ended August 31, 2023 and the related notes to the financial statements, which collectively comprise Argyle Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Argyle Independent School District as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Argyle Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Argyle Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and the Teacher Retirement System schedules on page 56 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of Argyle Independent School District's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Argyle Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Argyle Independent School District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
December 12, 2023

**ARGYLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023
(UNAUDITED)**

As management of Argyle Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2023. Please read this narrative in conjunction with the independent auditors' report on page 3, and the District's Basic Financial Statements that begin on page 15.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of Argyle Independent School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$1,432,971 (negative net position). Of this amount, (\$6,656,086) represents negative unrestricted net position.
- The District's total net position increased by \$7,028,746 during the current fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$232,693,033. Over 5% of this total amount, or \$12,121,808, is unassigned and available for use within the District's fund balance policies. The District's Capital Projects Fund has a fund balance of \$211,400,305.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,121,808 or 24.6% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 15 and 17). 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 18) 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. 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 notes to the financial statements (starting on page 29) 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 sections labeled TEA Required Schedules and Compliance and Internal Control Section contain 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 15. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all of the District's assets and deferred outflows of resources; and 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 and deferred outflows of resources are reported whether they serve the current year or future years. Liabilities and deferred inflows of resources 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 (the difference between assets and deferred outflows of resources; less liabilities and deferred inflows of resources) provide 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 does not have any programs in which it charges a fee to "customers" to help it cover all or most of the cost of services it provides. Thus, the District had no business-type activities during the current fiscal year.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 18 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 from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes.

Governmental funds—All of the District’s basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District’s general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District’s Fiduciary Responsibilities

The District is the trustee, or custodian, for money raised by student activities. The District’s custodial activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 27 and 28. We exclude these resources from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis below presents both current and prior year data and discusses 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 activities.

Negative net position of the District’s governmental activities increased from (\$8,461,717) to (\$1,432,971). Unrestricted negative 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 (\$6,656,086) at August 31, 2023.

Table I
NET POSITION

	Governmental Activities	
	2023	2022
Current and other assets	\$ 241,711,987	\$ 160,786,427
Capital assets	239,969,584	221,425,012
Total assets	<u>481,681,571</u>	<u>382,211,439</u>
Deferred outflows of resources	18,455,499	13,110,888
Long-term liabilities	480,343,152	384,869,562
Other liabilities	9,096,003	7,052,719
Total liabilities	<u>489,439,155</u>	<u>391,922,281</u>
Deferred inflows of resources	12,130,886	11,861,763
Net Position:		
Net investment in capital assets	(2,135,226)	(6,901,914)
Restricted	7,358,341	5,317,270
Unrestricted	(6,656,086)	(6,877,073)
Total net position	<u>\$ (1,432,971)</u>	<u>\$ (8,461,717)</u>

Table II
CHANGES IN NET POSITION

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for services	\$ 3,801,309	\$ 2,552,840
Operating grants and contributions	5,177,910	5,090,178
General Revenues:		
Maintenance and operations taxes	35,850,338	29,261,965
Debt service taxes	19,951,304	15,494,150
State aid	9,120,995	10,010,114
Investment earnings	8,952,788	617,718
Grants and contributions not restricted	171,546	120,000
Miscellaneous	253,395	267,791
Total Revenues	83,279,585	63,414,756
Expenses:		
Instruction, curriculum and media services	35,809,831	31,308,580
Instructional and school leadership	3,288,810	2,730,070
Student support services	5,371,673	4,313,485
Food services	2,789,711	2,311,866
Extracurricular activities	3,529,101	3,298,350
General administration	2,278,049	1,638,950
Plant maintenance, security and data processing	8,059,505	6,635,148
Debt service	13,228,445	9,083,498
Capital outlay	1,406,458	2,616,912
Contracted instructional services between schools	167,104	101,874
Payments to shared service arrangement	10,500	36,205
Other intergovernmental charges	311,652	251,570
Total Expenses	76,250,839	64,326,508
Increase (Decrease) in Net Position	7,028,746	(911,752)
Net Position - beginning of year	(8,461,717)	(7,549,965)
Net Position - end of year	\$ (1,432,971)	\$ (8,461,717)

At the end of the current fiscal year, the District reports deficit balances in net investment in capital assets and in unrestricted net position, while reporting a positive balance in restricted net position. The District's net position increased by \$7,028,746 during the current fiscal year.

- Average daily attendance increased by 562 students (13.5%) from the prior year. Taxable property values increased 26.5%. State funding revenue decreased 8.8%.
- The District's maintenance and operations (M&O) tax rate decreased from \$0.915 per \$100 valuation to \$0.8976 per \$100 valuation. The debt service tax rate increased from \$0.485 per \$100 valuation to \$0.500 per \$100 valuation. Tax collections were higher because of increased taxable property values. Expenditures of the general fund increased 16.1% because of enrollment growth and salary increases.
- The District made recapture payments to the State of Texas in the amount of \$117,104.

The cost of all governmental activities for the current fiscal year was \$76,250,839. However, as shown in the Statement of Activities on page 17, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$55,801,642 because some of the costs were paid by those who directly benefited from the programs (\$3,801,309) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,177,910) or by State equalization funding (\$9,120,995).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 18) reported a combined fund balance of \$232,693,033, which is \$79,101,086 more than last year's total of \$153,591,947. Included in this year's total change in fund balance is an increase of \$1,081,398 in the District's General Fund, an increase of \$2,109,968 in the District's Debt Service Fund, and an increase of \$75,778,940 in the District's Capital Projects Fund.

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 August 2022). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. 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 \$12,987,257 reported on page 18 is more than the General Fund's budgetary fund balance of \$12,276,053 reported in the budgetary comparison statement on page 26 due to cost savings achieved amongst most functional categories.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2023, the District had \$239,969,584 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 \$18,544,572 or 8.4%, from last year.

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

Debt Administration

At August 31, 2023, the District had \$459,773,342 in bonds and other long-term debt outstanding (including accreted interest on capital appreciation bonds) versus \$370,245,351 last year—an increase of 24.2%. The District's general obligation bond rating is AAA (as a result of guarantees of the Texas Permanent School Fund), according to national rating agencies.

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 District's 2023 Maintenance and Operations tax rate decreased to \$0.7122 per \$100 property valuation from \$0.915 per \$100 property valuation as a result of tax rate compression required by State funding legislation. The Debt Service tax rate remained \$0.50 per \$100 property valuation.
- The Maintenance and Operations expenditure budget has increased approximately \$7.0 million from fiscal year 2023 actual expenditures due primarily to higher personnel costs resulting from staff raises and new positions required by enrollment growth.
- The District's 2023-2024 budget for the General Fund has budgeted expenditures \$865,449 more than budgeted revenues (\$55.3 million).

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Argyle Independent School District, 6701 Canyon Falls Dr., Flower Mound, Texas 76226, (940) 464-7241.

BASIC FINANCIAL STATEMENTS

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ARGYLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 240,712,230
1220 Property Taxes - Delinquent	723,496
1230 Allowance for Uncollectible Taxes	(72,350)
1240 Due from Other Governments	265,437
1290 Other Receivables, Net	83,174
Capital Assets:	
1510 Land	19,118,242
1520 Buildings, Net	206,886,432
1530 Furniture and Equipment, Net	2,732,592
1580 Construction in Progress	11,232,318
1000 Total Assets	481,681,571
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge on Bond Refundings	2,364,142
1705 Deferred Resource Outflows Related to TRS Pension	7,809,925
1706 Deferred Resource Outflows Related to TRS OPEB	8,281,432
1700 Total Deferred Outflows of Resources	18,455,499
LIABILITIES	
2110 Accounts Payable	2,219,131
2140 Accrued Interest Payable	728,195
2150 Payroll Deductions and Withholdings	398,954
2160 Accrued Wages Payable	2,771,371
2180 Due to Other Governments	2,848,570
2200 Accrued Expenses	60,890
2300 Unearned Revenue	68,892
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	5,634,052
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	454,139,290
2540 Net Pension Liability (District's Share)	13,220,360
2545 Net OPEB Liability (District's Share)	7,349,450
2000 Total Liabilities	489,439,155
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Resource Inflows Related to TRS Pension	902,173
2606 Deferred Resource Inflows Related to TRS OPEB	11,228,713
2600 Total Deferred Inflows of Resources	12,130,886
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	(2,135,226)
3820 Restricted for Federal and State Programs	435,275
3850 Restricted for Debt Service	6,923,066
3900 Unrestricted	(6,656,086)
3000 Total Net Position	\$ (1,432,971)

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

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ARGYLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	\$ 35,116,974	\$ 508,884	\$ 2,693,813	\$ (31,914,277)
12	556,988	-	24,102	(532,886)
13	135,869	-	730	(135,139)
21	701,158	-	161,254	(539,904)
23	2,587,652	-	116,427	(2,471,225)
31	2,317,708	-	894,566	(1,423,142)
33	543,821	-	24,789	(519,032)
34	2,510,144	-	137,218	(2,372,926)
35	2,789,711	2,415,290	354,662	(19,759)
36	3,529,101	572,803	69,803	(2,886,495)
41	2,278,049	-	81,172	(2,196,877)
51	6,016,582	304,332	163,389	(5,548,861)
52	710,933	-	26,229	(684,704)
53	1,331,990	-	39,187	(1,292,803)
72	12,443,367	-	380,693	(12,062,674)
73	785,078	-	-	(785,078)
81	1,406,458	-	9,876	(1,396,582)
91	167,104	-	-	(167,104)
93	10,500	-	-	(10,500)
99	311,652	-	-	(311,652)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 76,250,839</u>	<u>\$ 3,801,309</u>	<u>\$ 5,177,910</u>	<u>(67,271,620)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			35,850,338
DT	Property Taxes, Levied for Debt Service			19,951,304
SF	State Aid - Formula Grants			9,120,995
GC	Grants and Contributions not Restricted			171,546
IE	Investment Earnings			8,952,788
MI	Miscellaneous Local and Intermediate Revenue			253,395
TR	Total General Revenues			<u>74,300,366</u>
CN	Change in Net Position			7,028,746
NB	Net Position - Beginning			<u>(8,461,717)</u>
NE	Net Position - Ending			<u>\$ (1,432,971)</u>

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 19,273,120	\$ 7,434,344	\$ 213,138,701
1220 Property Taxes - Delinquent	482,477	241,019	-
1230 Allowance for Uncollectible Taxes	(48,248)	(24,102)	-
1240 Due from Other Governments	-	-	-
1260 Due from Other Funds	9,294	-	-
1290 Other Receivables	25,519	-	-
1000 Total Assets	<u>\$ 19,742,162</u>	<u>\$ 7,651,261</u>	<u>\$ 213,138,701</u>
LIABILITIES			
2110 Accounts Payable	\$ 316,053	\$ -	\$ 1,729,102
2150 Payroll Deductions and Withholdings Payable	398,954	-	-
2160 Accrued Wages Payable	2,656,843	-	-
2170 Due to Other Funds	357	-	9,294
2180 Due to Other Governments	2,848,570	-	-
2200 Accrued Expenditures	57,001	-	-
2300 Unearned Revenue	42,898	-	-
2000 Total Liabilities	<u>6,320,676</u>	<u>-</u>	<u>1,738,396</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	434,229	216,917	-
2600 Total Deferred Inflows of Resources	<u>434,229</u>	<u>216,917</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	211,400,305
3480 Retirement of Long-Term Debt	-	7,434,344	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	865,449	-	-
3600 Unassigned Fund Balance	12,121,808	-	-
3000 Total Fund Balances	<u>12,987,257</u>	<u>7,434,344</u>	<u>211,400,305</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,742,162</u>	<u>\$ 7,651,261</u>	<u>\$ 213,138,701</u>

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

Other Funds	Total Governmental Funds
\$ 866,065	\$ 240,712,230
-	723,496
-	(72,350)
265,437	265,437
357	9,651
57,655	83,174
<u>\$ 1,189,514</u>	<u>\$ 241,721,638</u>
\$ 173,976	\$ 2,219,131
-	398,954
114,528	2,771,371
-	9,651
-	2,848,570
3,889	60,890
25,994	68,892
<u>318,387</u>	<u>8,377,459</u>
-	651,146
-	651,146
435,275	435,275
-	211,400,305
-	7,434,344
435,852	435,852
-	865,449
-	12,121,808
<u>871,127</u>	<u>232,693,033</u>
<u>\$ 1,189,514</u>	<u>\$ 241,721,638</u>

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ARGYLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	232,693,033
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		289,390,766
2 Accumulated depreciation is not reported in the fund financial statements.		(49,421,182)
3 Bonds payable are not reported in the fund financial statements.		(408,721,443)
4 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.		(3,904,085)
5 Bond premiums on outstanding bonds payable are not recognized in the fund financial statements.		(47,147,814)
6 The deferred charge on bond refundings is not recognized in the fund financial statements.		2,364,142
7 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		651,146
8 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(728,195)
9 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 and 71 in the amount of \$13,220,360, Deferred Inflows of Resources related to TRS in the amount of \$902,173, and Deferred Outflows of Resources related to TRS in the amount of \$7,809,925. This results in a decrease in Net Position in the amount of \$6,312,608.		(6,312,608)
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$7,349,450, a Deferred Resource Inflow related to TRS OPEB in the amount of \$11,228,713, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$8,281,432. This results in a net decrease in Net Position in the amount of \$10,296,731.		(10,296,731)
19 Net Position of Governmental Activities	\$	(1,432,971)

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 38,183,772	\$ 20,648,307	\$ 7,085,927
5800 State Program Revenues	11,894,094	360,963	-
5900 Federal Program Revenues	187,974	-	-
5020 Total Revenues	<u>50,265,840</u>	<u>21,009,270</u>	<u>7,085,927</u>
EXPENDITURES:			
Current:			
0011 Instruction	28,434,816	-	-
0012 Instructional Resources and Media Services	555,929	-	-
0013 Curriculum and Instructional Staff Development	134,689	-	-
0021 Instructional Leadership	569,750	-	-
0023 School Leadership	2,486,723	-	-
0031 Guidance, Counseling, and Evaluation Services	1,467,742	-	-
0033 Health Services	537,560	-	-
0034 Student (Pupil) Transportation	2,012,692	-	410,076
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,280,336	-	-
0041 General Administration	2,262,695	-	-
0051 Facilities Maintenance and Operations	5,908,076	-	-
0052 Security and Monitoring Services	721,438	-	-
0053 Data Processing Services	1,222,030	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	5,641,331	-
0072 Interest on Long-Term Liabilities	-	14,052,702	-
0073 Bond Issuance Cost and Fees	-	7,250	777,828
Capital Outlay:			
0081 Facilities Acquisition and Construction	100,710	-	26,416,911
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	167,104	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	10,500	-	-
0099 Other Intergovernmental Charges	311,652	-	-
6030 Total Expenditures	<u>49,184,442</u>	<u>19,701,283</u>	<u>27,604,815</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,081,398</u>	<u>1,307,987</u>	<u>(20,518,888)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	89,395,000
7916 Premium or Discount on Issuance of Bonds	-	801,981	6,902,828
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>801,981</u>	<u>96,297,828</u>
1200 Net Change in Fund Balances	1,081,398	2,109,968	75,778,940
0100 Fund Balance - September 1 (Beginning)	<u>11,905,859</u>	<u>5,324,376</u>	<u>135,621,365</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 12,987,257</u>	<u>\$ 7,434,344</u>	<u>\$ 211,400,305</u>

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

	Other Funds	Total Governmental Funds
\$	2,929,954	\$ 68,847,960
	385,197	12,640,254
	2,275,968	2,463,942
	5,591,119	83,952,156
	1,348,537	29,783,353
	-	555,929
	1,148	135,837
	130,037	699,787
	-	2,486,723
	817,864	2,285,606
	-	537,560
	-	2,422,768
	2,682,215	2,682,215
	397,848	2,678,184
	-	2,262,695
	82,690	5,990,766
	-	721,438
	-	1,222,030
	-	5,641,331
	-	14,052,702
	-	785,078
	-	26,517,621
	-	167,104
	-	10,500
	-	311,652
	5,460,339	101,950,879
	130,780	(17,998,723)
	-	89,395,000
	-	7,704,809
	-	97,099,809
	130,780	79,101,086
	740,347	153,591,947
\$	871,127	\$ 232,693,033

ARGYLE 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 AUGUST 31, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	79,101,086
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 effect of reclassifying the current year capital asset additions is to increase net position.		25,728,219
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position in the government-wide financial statements.		(7,183,647)
Current year long-term debt principal payments on bonds payable and payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.		5,922,225
Current year interest accretion on capital appreciation bonds payable is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.		(411,892)
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.		(161,321)
Revenues from property taxes are reported as unavailable revenue 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 uncollectible amounts, in the government-wide financial statements.		(57,489)
Current year amortization of the premium on bonds payable is not recognized in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.		2,061,485
Current year amortization of the deferred charge on bond refundings is not recognized in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements.		(159,831)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2022 caused the change in the ending net position to increase by \$268,195. These contributions were replaced with the District's pension expense for the year of \$1,231,900, which caused a decrease in the change in net position. The net effect of these is to decrease the change in net position by \$963,705.		(963,705)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/22 but during the current fiscal year caused the ending net position to increase in the amount of \$45,959. These contributions were replaced with the District's negative OPEB expense for the year of \$207,466, which caused an increase in the change in net position. The net effect of these is to increase the change in net position by \$253,425.		253,425

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

ARGYLE 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 AUGUST 31, 2023

EXHIBIT C-4

Current year issuances of capital related bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(89,395,000)
The premiums on the current year issuances of capital related bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(7,704,809)
Change in Net Position of Governmental Activities	<u>\$ 7,028,746</u>

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

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	\$ 37,205,500	\$ 38,218,000	\$ 38,183,772	\$ (34,228)
5800 State Program Revenues	10,348,500	12,358,500	11,894,094	(464,406)
5900 Federal Program Revenues	150,000	150,000	187,974	37,974
5020 Total Revenues	47,704,000	50,726,500	50,265,840	(460,660)
EXPENDITURES:				
Current:				
0011 Instruction	28,815,694	28,913,694	28,434,816	478,878
0012 Instructional Resources and Media Services	584,665	584,665	555,929	28,736
0013 Curriculum and Instructional Staff Development	165,946	165,946	134,689	31,257
0021 Instructional Leadership	537,259	577,259	569,750	7,509
0023 School Leadership	2,423,496	2,503,066	2,486,723	16,343
0031 Guidance, Counseling, and Evaluation Services	1,496,592	1,514,292	1,467,742	46,550
0033 Health Services	547,869	550,169	537,560	12,609
0034 Student (Pupil) Transportation	1,796,643	2,086,418	2,012,692	73,726
0036 Extracurricular Activities	2,439,711	2,407,641	2,280,336	127,305
0041 General Administration	2,120,229	2,275,229	2,262,695	12,534
0051 Facilities Maintenance and Operations	5,729,117	6,053,732	5,908,076	145,656
0052 Security and Monitoring Services	649,098	784,098	721,438	62,660
0053 Data Processing Services	1,202,562	1,239,847	1,222,030	17,817
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	208,050	100,710	107,340
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	155,000	170,000	167,104	2,896
0093 Payments to Fiscal Agent/Member Districts of SSA	7,000	10,500	10,500	-
0099 Other Intergovernmental Charges	276,000	311,700	311,652	48
6030 Total Expenditures	48,946,881	50,356,306	49,184,442	1,171,864
1200 Net Change in Fund Balances	(1,242,881)	370,194	1,081,398	711,204
0100 Fund Balance - September 1 (Beginning)	11,905,859	11,905,859	11,905,859	-
3000 Fund Balance - August 31 (Ending)	\$ 10,662,978	\$ 12,276,053	\$ 12,987,257	\$ 711,204

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 506,451
Other Receivables	1,226
Total Assets	507,677
LIABILITIES	
Accounts Payable	40,332
Total Liabilities	40,332
NET POSITION	
Unrestricted Net Position	467,345
Total Net Position	\$ 467,345

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 548,773
Total Additions	<u>548,773</u>
DEDUCTIONS:	
Supplies and Materials	<u>470,577</u>
Total Deductions	<u>470,577</u>
Change in Fiduciary Net Position	78,196
Total Net Position - September 1 (Beginning)	<u>389,149</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 467,345</u></u>

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board of Trustees, a seven member group elected by registered voters of the District, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees is 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 basic 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, Argyle 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 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 District had no business-type activities.

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.

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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. 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 debt service 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. **Fiduciary Funds** - These funds are used to account for activities of student groups and other organizational activities on a fiduciary basis. 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. There were no resources surplus by any student group during the fiscal year.

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.

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and deferred outflows of resources; and liabilities and deferred inflows of resources (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 one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

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

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

Revenue from investments, including governmental external investment pools, 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.

ARGYLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2023

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 August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 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 Food Service Fund, and the Debt Service Fund. The special revenue funds 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. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

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

August 31, 2023	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$434,925
Nonappropriated Budget Funds	<u>436,202</u>
All Special Revenue Funds	<u>\$871,127</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 August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at August 31, 2023.

F. INVENTORIES

The District records purchases of supplies as expenditures.

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

G. 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.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. 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 & Improvements	15-50 Years
Furniture and Equipment	3-15 Years

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at August 31, 2023 was \$2,364,142.

Deferred outflows of resources for pensions - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 5.7052 years.

The amount of deferred outflows reported in the governmental activities for deferred pension expenses at August 31, 2023 was \$7,809,925.

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Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.2179 years. The amount of deferred outflows reported for deferred OPEB expense at August 31, 2023 was \$8,281,432.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2023 was \$651,146.

Deferred inflows of resources for pensions - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and other actuarial and other assumption differences. These amounts will be amortized over a closed 5-year period. In fiscal year 2023 the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$902,173.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.2179 years for the 2022 measurement year). In fiscal year 2023, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$11,228,713.

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 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.

ARGYLE INDEPENDENT SCHOOL DISTRICT
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K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, 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 its 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.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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 expenses as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. 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 2023, 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.

N. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement 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:

ARGYLE INDEPENDENT SCHOOL DISTRICT
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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 no nonspendable fund balance.

- 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 resources are restricted for future capital outlay. Federal and State grant resources are restricted because their use is restricted pursuant to the grant requirements.

- 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 has committed resources as of August 31, 2023 for campus activities and local grants.

- 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, Superintendent, or Chief Financial Officer may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance at August 31, 2023 representing the District's adopted deficit budget for 2023-2024.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18) and are described below:

General Fund

General Fund has assigned fund balance of \$865,449 and unassigned fund balance of \$12,121,808 at August 31, 2023.

Debt Service Fund

The Debt Service Fund has restricted funds of \$7,434,344 at August 31, 2023 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

ARGYLE INDEPENDENT SCHOOL DISTRICT
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Capital Projects Fund

The Capital Projects Fund has restricted funds of \$211,400,305 at August 31, 2023 consisting primarily of remaining bond issuance proceeds that are restricted for construction and other capital outlay expenditures.

Other Funds

The fund balances of \$298,373 and \$137,479 of the Campus Activity and other Local Grants Funds (special revenue funds) are shown as committed due to Board policy committing those funds to campus activities and local projects. The following special revenue funds fund balances are restricted by Federal or State grant restrictions:

National Breakfast & Lunch Program	\$434,925
Other State Grants	<u>350</u>
Total	<u>\$435,275</u>

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 August 31, 2023, the carrying amount of the District’s deposits (checking accounts and interest-bearing demand accounts) was \$28,409,165 and the bank balance was \$31,431,054. The District’s cash deposits at August 31, 2023 were entirely covered by FDIC insurance or by letters of credit or pledged collateral held by the District’s agent bank in the District’s name.

2. Investments:

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

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

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- 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 August 31, 2023, the District’s cash deposits totaled \$31,431,054. This entire amount was either collateralized with a letter of credit or securities held by the District’s agent or covered by FDIC insurance. Thus, the District’s deposits were not exposed to custodial credit risk as of August 31, 2023. The District’s deposits were fully collateralized with a letter of credit or securities held by the District’s agent or covered by FDIC Insurance for the entire year.
- 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 August 31, 2023, the District held investments in a public funds investment pool. 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 TexSTAR Investment Pool at year-end was AAAM (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 District’s investment in the external investment pool 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 August 31, 2023, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District’s investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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

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

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The District's investments at August 31, 2023, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexSTAR Investment Pool	<u>\$212,806,241</u>	<u>\$212,806,241</u>
	<u>\$212,806,241</u>	<u>\$212,806,241</u>

Fair Value Measurements

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

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

The District's investment in the Public Investment Pool is not required to be measured at fair value but is measured at amortized cost.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2023, was as follows:

	<u>Balance September 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance August 31</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 9,857,089	\$ 9,261,153	\$ -	\$ 19,118,242
Construction in Progress	95,920	11,186,398	50,000	11,232,318
Total Capital assets not being depreciated	<u>9,953,009</u>	<u>20,447,551</u>	<u>50,000</u>	<u>30,350,560</u>
Capital assets, being depreciated				
Buildings and Improvements	245,475,039	4,705,848	-	250,180,887
Furniture and Equipment	2,462,070	141,902	-	2,603,972
Vehicles	5,772,429	482,918	-	6,255,347
Total Capital assets being depreciated	<u>253,709,538</u>	<u>5,330,668</u>	<u>-</u>	<u>259,040,206</u>
Less accumulated depreciation for:				
Buildings and Improvements	(36,795,247)	(6,499,208)	-	(43,294,455)
Furniture and Equipment	(1,892,516)	(144,379)	-	(2,036,895)
Vehicles	(3,549,772)	(540,060)	-	(4,089,832)
Total accumulated depreciation	<u>(42,237,535)</u>	<u>(7,183,647)</u>	<u>-</u>	<u>(49,421,182)</u>
Total Capital assets, being depreciated, net	<u>211,472,003</u>	<u>(1,852,979)</u>	<u>-</u>	<u>209,619,024</u>
Governmental activities capital assets, net	<u>\$221,425,012</u>	<u>\$ 18,594,572</u>	<u>\$ 50,000</u>	<u>\$239,969,584</u>

ARGYLE INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$5,290,637
School Leadership	95,815
Guidance, Counseling & Evaluation Services	28,733
Health Services	11,077
Student Transportation	493,955
Food Services	128,682
Cocurricular/Extracurricular Activities	902,851
General Administration	11,788
Plant Maintenance and Operations	85,672
Security and Monitoring Services	26,198
Data Processing Services	<u>108,239</u>
Total depreciation expense-Governmental activities	<u>\$7,183,647</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. All long-term debt represents transactions in the District's governmental 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.

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2023:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/22	Issued Current Year	Interest Accretion	Retired/ Refunded	Amounts Outstanding 8/31/23	Due Within One Year
Unlimited tax school bldg. & bonds-Series 1998	4.60%	5,315,861	\$ 1,387,774	\$ -	\$ -	\$ 76,331	\$ 1,311,443	\$ 74,052
Unlimited tax refunding bonds-Series 2013B	2.00-4.00%	4,515,000	3,415,000	-	-	10,000	3,405,000	75,000
Unlimited tax refunding bonds-Series 2014	2.00-4.00%	3,925,000	3,535,000	-	-	740,000	2,795,000	895,000
Unlimited tax school building bonds-Series 2014	3.00-4.00%	35,110,000	5,325,000	-	-	1,375,000	3,950,000	1,440,000
Unlimited tax refunding bonds-Series 2015	1.14-4.00%	6,480,000	6,455,000	-	-	80,000	6,375,000	290,000
Unlimited tax school building bonds-Series 2016	4.00%	4,475,000	3,815,000	-	-	140,000	3,675,000	145,000
Unlimited tax refunding bonds-Series 2016	2.00-3.31%	4,490,000	3,790,000	-	-	115,000	3,675,000	120,000
Unlimited tax refunding bonds-Series 2017A	1.00-4.00%	23,220,000	22,035,000	-	-	150,000	21,885,000	155,000
Unlimited tax school building bonds-Series 2017B	2.00-5.00%	41,195,000	40,720,000	-	-	-	40,720,000	-
Unlimited tax school building bonds-Series 2019	3.00-5.00%	69,920,000	68,820,000	-	-	320,000	68,500,000	720,000
Unlimited tax school building bonds-Series 2020A	2.125-5.00%	36,460,000	36,460,000	-	-	2,000,000	34,460,000	830,000
Unlimited tax school building bonds-Series 2020B	0.227-2.36%	24,515,000	23,040,000	-	-	635,000	22,405,000	640,000
Unlimited tax school building bonds-Series 2022	4.00-5.00%	106,170,000	106,170,000	-	-	-	106,170,000	250,000
Unlimited tax school building bonds-Series 2023	4.00-5.00%	89,395,000	-	89,395,000	-	-	89,395,000	-
Total Bonded Indebtedness:			<u>324,967,774</u>	<u>89,395,000</u>	<u>-</u>	<u>5,641,331</u>	<u>408,721,443</u>	<u>5,634,052</u>
Other Direct Obligations:								
Accreted Interest - Capital Appreciation Bonds			3,773,087	-	411,892	280,894	3,904,085	-
Bond Premiums			<u>41,504,490</u>	<u>7,704,809</u>	<u>-</u>	<u>2,061,485</u>	<u>47,147,814</u>	<u>-</u>
Total Other Obligations:			<u>45,277,577</u>	<u>7,704,809</u>	<u>411,892</u>	<u>2,342,379</u>	<u>51,051,899</u>	<u>-</u>
Total Obligations of District			<u>\$370,245,351</u>	<u>\$ 97,099,809</u>	<u>\$ 411,892</u>	<u>\$ 7,983,710</u>	<u>\$459,773,342</u>	<u>\$5,634,052</u>

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended August 31,	Principal	Interest	Total Requirements
2024	\$ 5,634,052	\$ 18,406,469	\$ 24,040,521
2025	4,730,482	19,080,736	23,811,218
2026	5,772,087	18,987,730	24,759,817
2027	6,136,385	19,501,283	25,637,668
2028	7,954,045	17,350,973	25,305,018
2029-2033	67,059,392	78,285,813	145,345,205
2034-2038	89,790,000	60,337,885	150,127,885
2039-2043	103,855,000	38,345,534	142,200,534
2044-2048	85,715,000	16,766,519	102,481,519
2049-2052	<u>32,075,000</u>	<u>3,450,200</u>	<u>35,525,200</u>
	<u>\$408,721,443</u>	<u>\$290,513,142</u>	<u>\$699,234,585</u>

The 1998, 2016 and 2020B bond series include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2024 through 2035. Interest accrues on these bonds each February 15 and August 15 even though the interest is not paid until maturity.

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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 August 31, 2023.

NOTE 6. DEBT ISSUANCES, DEBT REFUNDING AND DEFEASED BONDS OUTSTANDING

In May 2023, the District issued \$89,395,000 (par value) in Unlimited Tax School Building Bonds to provide funds for future construction and other capital projects. The net proceeds of \$95,520,000 (\$89,395,000 par amount of the bonds plus \$7,704,809 of premium paid on the bonds less \$777,828 of underwriting fees and other issuance costs) were deposited to the District’s Capital Projects Fund. Excess proceeds of \$801,981 were deposited to the District’s Debt Service Fund.

At August 31, 2023 \$21,345,000 of defeased bonds remained outstanding.

The District’s deferred charge on bond refundings are as follows:

Balance – August 31, 2022	\$2,523,973
Current year amortization	<u>(159,831)</u>
Balance – August 31, 2023	<u>\$2,364,142</u>

NOTE 7. LEASES

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

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

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 2022-23 fiscal year was based was \$4,004,726,474. 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 August 31, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8976 and \$0.50 per \$100 valuation, respectively, for a total of \$1.3976 per \$100 valuation.

ARGYLE INDEPENDENT SCHOOL DISTRICT
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Current tax collections for the year ended August 31, 2023 were 99.3% 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 August 31, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$434,229 and \$216,917 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

NOTE 9. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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.

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

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
Argyle ISD FY2023 Employer Contributions		\$ 1,307,386
Argyle ISD FY2023 Member Contributions		\$ 2,914,889
Argyle ISD FY2023 NECE On-Behalf Contributions		\$ 2,140,942

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- All public schools must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

In addition to the employer contributions listed above, there are additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%.

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, 2022 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.6%	1.12%
Non-U.S. Developed	13%	4.9%	0.90%
Emerging Markets	9%	5.4%	0.75%
Private Equity	14%	7.7%	1.55%
Stable Value			
Government Bonds	16%	1.0%	0.22%
Absolute Return ⁴	0%	3.7%	0.00%
Stable Value Hedge Funds	5%	3.4%	0.18%
Real Return			
Real Estate	15%	4.1%	0.94%
Energy, Natural Resources	6%	5.1%	0.37%
Commodities	0%	3.6%	0.00%
Risk Parity			
Risk Parity	8%	4.6%	0.43%
Leverage			
Cash	2%	3.0%	0.01%
Asset Allocation Leverage	-6%	3.6%	-0.05%
Inflation Expectation	-		2.70%
Volatility Drag ³	-		-0.93%
Total	100%		8.19%

¹ Target allocations are based on the FY22 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).

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

⁴ Absolute Return includes credit sensitive investments.

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Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Argyle ISD's proportionate share of the net pension liability:	\$20,565,868	\$13,220,360	\$7,266,481

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Argyle Independent School District reported a liability of \$13,220,360 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Argyle Independent School District. The amount recognized by Argyle 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 Argyle Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$13,220,360
State's proportionate share that is associated with the District	<u>21,207,385</u>
Total	<u>\$34,427,745</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.02226871%, an increase of 23.30% from its proportionate share of 0.01806001% at August 31, 2021.

Changes Since the Prior Actuarial Valuation – The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended August 31, 2023, Argyle Independent School District recognized pension expense of \$2,140,942 and revenue of \$2,140,942 for support provided by the State.

At August 31, 2023, Argyle Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 191,694	\$288,229
Changes in actuarial assumptions	2,463,383	613,944
Difference between projected and actual investment earnings	1,306,130	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,541,332	-
Contributions paid to TRS subsequent to the measurement date	1,307,386	-
Total	\$7,809,925	\$902,173

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

Year ended August 31:	Pension Expense Amount
2024	\$ 1,517,592
2025	1,034,010
2026	651,711
2027	1,944,048
2028	453,005
Thereafter	-

NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

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

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

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

* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Argyle ISD FY23 Employer Contributions		\$298,872
Argyle ISD FY23 Member Contributions		\$236,829
Argyle ISD FY23 NECE On-behalf Contributions		\$448,574

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Rates of Disability

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District’s proportionate share of the Net OPEB Liability:	\$8,665,585	\$7,349,450	\$6,055,980

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

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	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$6,055,980	\$7,349,450	\$9,026,268

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of \$7,349,450 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

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

District's Proportionate share of the collective Net OPEB Liability	\$ 7,349,450
State's proportionate share that is associated with the District	<u>\$ 8,965,175</u>
Total	<u>\$16,314,625</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.030694322%, an increase of 18.11% compared to the August 31, 2021 proportionate share of 0.025988601%.

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(394,471).

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 408,603	\$ 6,122,752
Changes in actuarial assumptions	1,119,467	5,105,961
Difference between projected and actual investment earnings	21,892	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,451,323	-
Contributions paid to TRS subsequent to the measurement date	280,147	-
Total	\$8,281,432	\$11,228,713

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

Year ended August 31:	OPEB Expense Amount
2024	\$ (792,616)
2025	(492,540)
2026	(480,872)
2027	(58,929)
2028	(364,137)
Thereafter	(738,334)

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN

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 August 31, 2023, the contribution made on behalf of the District was \$187,464.

NOTE 12. RISK MANAGEMENT

Health Care:

During the year ended August 31, 2023, employees of Argyle Independent School District were covered by a health insurance plan (the Plan). The District contributed \$250 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contributions. All contributions were paid to a fully insured plan (TRS ActiveCare).

Workers Compensation:

During the year ended August 31, 2023, Argyle ISD met its statutory workers’ compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund’s Workers’ Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers’ compensation benefits to its members’ injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund’s self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund’s Board of Trustees in February of the following year. The Fund’s audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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Prior to September 1, 2020, the District participated in the SchoolComp Workers Compensation Self-Insurance Joint Fund. The District was partially self-funded to a loss fund maximum of \$41,985 for the 19-20 fiscal year. Additionally, the District incurred fixed costs of \$46,358 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Creative Risk Funding provides claims administration on these prior year claims. Reinsurance is provided for aggregate claim losses exceeding \$250,000. The fixed cost charge was based on total payroll paid by the District.

There is no longer an accrued liability for claims prior to September 1, 2020.

The District was fully insured for workers compensation risks prior to September 1, 2006.

Property and Casualty Insurance:

During the year ended August 31, 2023, Argyle ISD participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- School Liability
- Property
- Privacy & Information Security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the its Auto, Liability and Property Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves.

For the year ended August 31, 2023, Argyle ISD will have no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool:

During the year ended August 31, 2023, Argyle ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contributions.

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The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

NOTE 13. 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 August 31, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the financial statements as Due from Other Governments.

Fund	State Grants	Federal Grants	Local Governments	Total
General Fund	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	<u>32,322</u>	<u>233,115</u>	-	<u>265,437</u>
Total	<u>\$ 32,322</u>	<u>\$233,115</u>	<u>\$ -</u>	<u>\$265,437</u>

NOTE 14. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at August 31, 2023 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from August 31, 2023.

Fund	Due from Other Funds	Due to Other Funds
Major Governmental Funds:		
General Fund:		
Capital Projects Fund	\$9,294	\$ -
Non-Major Special Revenue Fund	-	357
Capital Projects Fund:		
General Fund	-	9,294
Total Major Governmental Funds	<u>9,294</u>	<u>9,651</u>
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	<u>357</u>	-
Total Nonmajor Governmental Funds	<u>357</u>	-
Total	<u>\$9,651</u>	<u>\$9,651</u>

NOTE 15. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal grant programs which 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 August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 16. 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	\$35,690,082	\$ -	\$ 19,861,352	\$ -	\$ 55,551,434
Food Sales	-	2,408,758	-	-	2,408,758
Investment Income	1,179,656	-	687,205	7,085,927	8,952,788
Penalties, interest and other tax related income	207,946	-	99,750	-	307,696
Co-curricular student activities	352,902	309,342	-	-	662,244
Other	753,186	211,854	-	-	965,040
Total	<u>\$38,183,772</u>	<u>\$ 2,929,954</u>	<u>\$ 20,648,307</u>	<u>\$ 7,085,927</u>	<u>\$ 68,847,960</u>

NOTE 17. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Athletic Receipts	\$ 42,898	\$ -	\$ -	\$ 42,898
State Grants	-	25,994	-	25,994
Total	<u>\$ 42,898</u>	<u>\$ 25,994</u>	<u>\$ -</u>	<u>\$ 68,892</u>

NOTE 18. CONSTRUCTION COMMITMENTS

As of August 31, 2023, the District had entered into various construction contracts for construction and renovation of several campuses totaling \$52.1 million. At August 31, 2023, there was \$43.1 million remaining costs under these contracts. These costs will be paid from the District's Capital Projects Fund.

NOTE 19. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, GASB issued Statement No. 96 – Subscription-Based Information Technology Arrangements (“SBITA”). This statement increases the usefulness of governments’ financial statements by requiring recognition of certain right-to-use subscription assets and corresponding subscription liabilities for SBITAs that were previously recognized as outflows of resources based on the payment provisions of the contract. The statement is effective for fiscal years beginning after June 15, 2022.

Per review of the information technology arrangements identified by the District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA, or were immaterial to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.02226871%	0.01806001%	0.01693857%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 13,220,360	\$ 4,559,246	\$ 9,071,952
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	21,207,385	8,620,018	16,868,596
Total	<u>\$ 34,427,745</u>	<u>\$ 13,179,264</u>	<u>\$ 25,940,548</u>
District's Covered Payroll	\$ 29,855,171	\$ 25,072,638	\$ 22,906,744
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.28%	18.18%	39.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.0151579%	0.0146501%	0.0130544%	0.0116102%	0.0111012%	0.0066596%
\$ 7,879,539	\$ 8,063,774	\$ 4,174,084	\$ 4,387,305	\$ 3,924,126	\$ 1,778,872
13,997,799	13,452,118	7,240,470	7,994,231	7,393,173	6,078,977
\$ 21,877,338	\$ 21,515,892	\$ 11,414,554	\$ 12,381,536	\$ 11,317,299	\$ 7,857,849
\$ 18,784,061	\$ 16,734,151	\$ 14,644,772	\$ 12,899,112	\$ 11,794,252	\$ 10,825,100
41.95%	48.19%	28.50%	34.01%	33.27%	16.43%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 1,307,386	\$ 1,039,191	\$ 770,706
Contribution in Relation to the Contractually Required Contribution	(1,307,386)	(1,039,191)	(770,706)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,436,071	\$ 29,855,171	\$ 25,072,638
Contributions as a Percentage of Covered Payroll	3.59%	3.48%	3.07%

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

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

	2020	2019	2018	2017	2016	2015
\$	696,635	\$ 523,771	\$ 493,315	\$ 427,846	\$ 369,953	\$ 328,710
	(696,635)	(523,771)	(493,315)	(427,846)	(369,953)	(328,710)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	22,906,744	\$ 18,784,061	\$ 16,734,151	\$ 14,644,772	\$ 12,899,112	\$ 11,794,252
	3.04%	2.79%	2.95%	2.92%	2.87%	2.79%

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.030694322%	0.025988601%	0.0236073%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 7,349,450	\$ 10,024,965	\$ 8,974,202
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	8,965,175	13,431,219	13,954,025
Total	<u>\$ 16,314,625</u>	<u>\$ 23,456,184</u>	<u>\$ 22,928,227</u>
District's Covered Payroll	\$ 29,855,171	\$ 25,072,638	\$ 22,906,744
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	24.62%	39.98%	39.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.0200598%	0.0183653%	0.0157086%
\$ 9,486,522	\$ 9,169,939	\$ 6,831,065
12,605,465	15,044,751	12,089,311
<u>\$ 22,091,987</u>	<u>\$ 24,214,690</u>	<u>\$ 18,920,376</u>
\$ 18,784,061	\$ 16,734,151	\$ 14,644,772
50.50%	54.80%	46.65%
2.66%	1.57%	0.91%

ARGYLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 298,872	\$ 234,188	\$ 203,030
Contribution in Relation to the Contractually Required Contribution	(298,872)	(234,188)	(203,030)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 36,436,071	\$ 29,855,171	\$ 25,072,638
Contributions as a Percentage of Covered Payroll	0.82%	0.78%	0.81%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2020	2019	2018
\$	164,160	\$ 142,368	\$ 126,658
	(164,160)	(142,368)	(126,658)
\$	-	\$ -	\$ -
\$	22,906,744	\$ 18,784,061	\$ 16,734,151
	0.72%	0.76%	0.76%

ARGYLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 7.25 percent as of August 31, 2021 to 7.00 percent as of August 31, 2022. This change increased the total pension liability.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

COMBINING SCHEDULES

ARGYLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ (154,133)	\$ (310)	\$ 498,326
1240	Due from Other Governments	13,608	154,133	3,696	12,899
1260	Due from Other Funds	-	-	-	357
1290	Other Receivables	-	-	-	19,277
1000	Total Assets	\$ 13,608	\$ -	\$ 3,386	\$ 530,859
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 60,320
2160	Accrued Wages Payable	12,193	-	3,032	34,866
2200	Accrued Expenditures	1,415	-	354	748
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	13,608	-	3,386	95,934
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	434,925
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	434,925
4000	Total Liabilities and Fund Balances	\$ 13,608	\$ -	\$ 3,386	\$ 530,859

263 Title III, A English Lang. Acquisition	266 ESSER 1 - Emergency Sch Relief Fund	283 ESSER-SUPP	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ -	\$ -	\$ (39,758)	\$ (2,502)	\$ -	\$ -	\$ -	\$ 27,722
3,012	-	39,758	5,113	896	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,611</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,722</u>
\$ -	\$ -	\$ -	\$ 2,611	\$ 896	\$ -	\$ -	\$ 1,728
2,973	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,994
3,012	-	-	2,611	896	-	-	27,722
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,611</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,722</u>

ARGYLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

Data Control Codes	428 Safety & Security Grant	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Local Grants	
ASSETS					
1110	Cash and Cash Equivalents	\$ (32,322)	\$ 350	\$ 299,079	\$ 140,065
1240	Due from Other Governments	32,322	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	1,500
1000	Total Assets	\$ -	\$ 350	\$ 299,079	\$ 141,565
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 706	\$ 14,700
2160	Accrued Wages Payable	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	-	-	706	14,700
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	350	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	298,373	126,865
3000	Total Fund Balances	-	350	298,373	126,865
4000	Total Liabilities and Fund Balances	\$ -	\$ 350	\$ 299,079	\$ 141,565

482 AEF Grants	495 Local Food Service	Total Nonmajor Governmental Funds
\$ 9,431	\$ 120,117	\$ 866,065
-	-	265,437
-	-	357
-	36,878	57,655
<u>\$ 9,431</u>	<u>\$ 156,995</u>	<u>\$ 1,189,514</u>
\$ -	\$ 93,015	\$ 173,976
-	61,464	114,528
-	1,333	3,889
-	-	25,994
-	155,812	318,387
-	-	435,275
9,431	1,183	435,852
<u>9,431</u>	<u>1,183</u>	<u>871,127</u>
<u>\$ 9,431</u>	<u>\$ 156,995</u>	<u>\$ 1,189,514</u>

ARGYLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 2,258,673
5800 State Program Revenues	-	-	-	93,076
5900 Federal Program Revenues	112,671	582,384	10,232	281,153
5020 Total Revenues	112,671	582,384	10,232	2,632,902
EXPENDITURES:				
Current:				
0011 Instruction	112,671	114,642	10,232	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	467,742	-	-
0035 Food Services	-	-	-	2,526,781
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
6030 Total Expenditures	112,671	582,384	10,232	2,526,781
1200 Net Change in Fund Balance	-	-	-	106,121
0100 Fund Balance - September 1 (Beginning)	-	-	-	328,804
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 434,925

263 Title III, A English Lang. Acquisition	266 ESSER 1 - Emergency Sch Relief Fund	283 ESSER-SUPP	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	210,574
3,012	1,143	1,236,116	43,994	906	4,357	-	-
3,012	1,143	1,236,116	43,994	906	4,357	-	210,574
3,012	-	755,957	43,994	906	4,357	-	213,325
-	-	-	-	-	-	1,148	-
-	-	130,037	-	-	-	-	-
-	-	350,122	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,143	-	-	-	-	-	-
3,012	1,143	1,236,116	43,994	906	4,357	1,148	213,325
-	-	-	-	-	-	(1,148)	(2,751)
-	-	-	-	-	-	1,148	2,751
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ARGYLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	428 Safety & Security Grant	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Local Grants
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 309,342	\$ 187,597
5800 State Program Revenues	81,547	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>81,547</u>	<u>-</u>	<u>309,342</u>	<u>187,597</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	72,252
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	265,818	132,030
0051 Facilities Maintenance and Operations	81,547	-	-	-
6030 Total Expenditures	<u>81,547</u>	<u>-</u>	<u>265,818</u>	<u>204,282</u>
1200 Net Change in Fund Balance	-	-	43,524	(16,685)
0100 Fund Balance - September 1 (Beginning)	-	350	254,849	143,550
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ 298,373</u>	<u>\$ 126,865</u>

482 AEF Grants	495 Local Food Service	Total Nonmajor Governmental Funds
\$ 17,725	\$ 156,617	\$ 2,929,954
-	-	385,197
-	-	2,275,968
17,725	156,617	5,591,119
17,189	-	1,348,537
-	-	1,148
-	-	130,037
-	-	817,864
-	155,434	2,682,215
-	-	397,848
-	-	82,690
17,189	155,434	5,460,339
536	1,183	130,780
8,895	-	740,347
\$ 9,431	\$ 1,183	\$ 871,127

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REQUIRED T.E.A. SCHEDULES

ARGYLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.100100	0.470000	1,205,027,439
2016	1.100100	0.470000	1,347,215,082
2017	1.100100	0.470000	1,508,019,663
2018	1.100100	0.485000	1,800,073,084
2019	1.100100	0.485000	2,148,314,710
2020	1.023000	0.485000	2,424,156,654
2021	0.933700	0.485000	2,673,314,266
2022	0.915000	0.485000	3,199,788,805
2023 (School year under audit)	0.897600	0.500000	4,004,726,474
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 117,980	\$ -	\$ 19,095	\$ 6,928	\$ (1,867)	\$ 90,090
13,572	-	2,618	1,119	-	9,835
14,446	-	3,569	1,525	-	9,352
20,269	-	3,466	1,481	1	15,323
23,865	-	3,790	1,671	1	18,405
54,188	-	8,624	3,802	(3,090)	38,672
174,651	-	88,308	41,866	6,177	50,654
108,383	-	72,193	37,500	59,169	57,859
260,019	-	112,733	59,755	(27,138)	60,393
-	54,443,607	35,375,685	19,705,707	1,010,698	372,913
<u>\$ 787,373</u>	<u>\$ 54,443,607</u>	<u>\$ 35,690,081</u>	<u>\$ 19,861,354</u>	<u>\$ 1,043,951</u>	<u>\$ 723,496</u>
		<u>\$ 16,520</u>			

ARGYLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2023

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	\$ 1,974,500	\$ 2,412,500	\$ 2,258,673	\$ (153,827)
5800 State Program Revenues	107,100	112,100	93,076	(19,024)
5900 Federal Program Revenues	290,000	290,000	281,153	(8,847)
5020 Total Revenues	2,371,600	2,814,600	2,632,902	(181,698)
EXPENDITURES:				
Current:				
0035 Food Services	2,371,600	2,814,600	2,526,781	287,819
6030 Total Expenditures	2,371,600	2,814,600	2,526,781	287,819
1200 Net Change in Fund Balances	-	-	106,121	106,121
0100 Fund Balance - September 1 (Beginning)	328,804	328,804	328,804	-
3000 Fund Balance - August 31 (Ending)	\$ 328,804	\$ 328,804	\$ 434,925	\$ 106,121

ARGYLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2023

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	\$ 19,787,545	\$ 20,437,545	\$ 20,648,307	\$ 210,762
5800 State Program Revenues	100,000	300,000	360,963	60,963
5020 Total Revenues	19,887,545	20,737,545	21,009,270	271,725
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	5,641,500	5,641,500	5,641,331	169
0072 Interest on Long-Term Liabilities	14,231,045	14,231,045	14,052,702	178,343
0073 Bond Issuance Cost and Fees	15,000	15,000	7,250	7,750
6030 Total Expenditures	19,887,545	19,887,545	19,701,283	186,262
1100 Excess of Revenues Over Expenditures	-	850,000	1,307,987	457,987
OTHER FINANCING SOURCES (USES):				
7916 Premium or Discount on Issuance of Bonds	-	802,000	801,981	(19)
1200 Net Change in Fund Balances	-	1,652,000	2,109,968	457,968
0100 Fund Balance - September 1 (Beginning)	5,324,376	5,324,376	5,324,376	-
3000 Fund Balance - August 31 (Ending)	\$ 5,324,376	\$ 6,976,376	\$ 7,434,344	\$ 457,968

ARGYLE INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$499,499
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$586,451

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$158,175
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$345,190

FEDERAL AWARDS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Argyle Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Argyle Independent School District's basic financial statements, and have issued our report dated December 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an 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 & Scarborough, LLC
Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

December 12, 2023

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

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Argyle Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Argyle Independent School District's major federal programs for the year ended August 31, 2023. Argyle Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Argyle 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 August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

December 12, 2023

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

FALN 84.425D COVID 19 - ESSER I - School Emergency Relief Fund
FALN 84.425U COVID 19 - Supplemental ESSER Fund
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: No

II. Findings Related to the Financial Statements

None

III. Other Findings

None

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

FINDING/NONCOMPLIANCE

None

ARGYLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

CORRECTIVE ACTION PLAN

None required

ARGYLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101061910	\$ 37,736
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101061910	13,608
Total Assistance Listing Number 84.010			51,344
*IDEA - Part B, Formula	84.027A	236600010619106600	582,384
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350010619105350	43,994
Total Assistance Listing Number 84.027			626,378
*IDEA - Part B, Preschool	84.173A	2366100106191066610	6,846
*IDEA - Part B, Preschool	84.173A	2466100106191066610	3,386
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360010619105360	906
Total Assistance Listing Number 84.173			11,138
Total Special Education Cluster (IDEA)			637,516
Title III, Part A - English Language Acquisition	84.365A	24671001061910	3,012
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501061910	51,327
LEP Summer School	84.369A	69552202	4,357
Title IV, Part A - Student Support	84.424A	23680101061910	10,000
COVID 19 - ESSER I - School Emergency Relief Fd	84.425D	20521001061910	1,143
COVID 19 - Supplemental ESSER Fund	84.425U	21528043061910	1,236,116
Total Assistance Listing Number 84.425			1,237,259
Total Passed Through Texas Education Agency			1,994,815
TOTAL U.S. DEPARTMENT OF EDUCATION			1,994,815
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	NT4XL2YGLGC5	31,499
*National School Lunch Program - Cash Assistance	10.555	NT4XL2YGLGC5	210,904
*National School Lunch Prog. - Non-Cash Assistance	10.555	NT4XL2YGLGC5	38,122
Total Assistance Listing Number 10.555			249,026
Total Child Nutrition Cluster			280,525
P-EBT Admin. Reimbursement	10.649	226TX109S9009	628
Watershed Protection & Flood Control	10.904	NT4XL2YGLGC5	6,646
Total Passed Through the Texas Department of Agriculture			287,799
TOTAL U.S. DEPARTMENT OF AGRICULTURE			287,799
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,282,614
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ARGYLE INDEPENDENT SCHOOL DISTRICT
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2023

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

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

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$-0-.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$2,282,614
SHARS Revenue reported in the General Fund	<u>181,328</u>
Total Federal Program Revenue	<u>\$2,463,942</u>

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