

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Argyle, Texas

Fiscal year ended September 30, 2021



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TOWN OF ARGYLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2021





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Town of Argyle, Texas

Comprehensive Annual Financial Report For the year ended September 30, 2021

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Introductory Section

For the fiscal year ended
September 30, 2021



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April 20, 2022

The Honorable Mayor, Town Council Members, and the Citizens of Argyle:

Chapter 103 of the Texas Local Government Code requires a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. This statutory requirement is addressed in the Town of Argyle Code of Ordinances, which includes the objective that the Town's financial statements provide a complete set of financial statements in conformance with generally accepted accounting principles (GAAP), and are audited in accordance with generally accepted auditing standards by a licensed certified public accountant(s). Accordingly, the basic financial statements for the Town of Argyle, Texas for the fiscal year ended September 30, 2021 are hereby issued.

The basic financial statements of the Town include all governmental activities, functions, and organizations for which it is financially accountable pursuant to, and as defined by, the Governmental Accounting Standards Board (GASB). Based on those criteria, no other governmental organizations are included in this report.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making said representations, the Town has established an internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Vail & Park, PC, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the Town, for the fiscal year ended September 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements. Based on the audit, the auditors concluded

there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2021 are fairly presented in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Town

The Town of Argyle, located in Denton County and founded in 1881, was incorporated in 1963 and is a Type "A" General Law municipality per Texas Local Government Code. The Town occupies approximately 11 square miles and has a current population of approximately 4617 according to estimates from the North Central Texas Council of Governments (NCTCOG). Bordered on the west by Interstate Highway 35 and having U.S. Highway 377 traversing south to north through the middle of the Town, the Town enjoys an excellent highway corridor plan that will eventually result in various mixed-use retail/commercial developments along the corridors while retaining the Town's "signature" rural-agricultural open space.

The Town operates under the Aldermanic form of government whereby the legislative and policy-making authority for the Town rests solely with the elected governing body, consisting of the Mayor and five Aldermen (Town Council Members), serving in positions 1 through 5. The Mayor and Council Members serve two-year staggered terms and are elected on an at-large basis. As part of the governing body's legislative and policy-making authority, it must adopt an annual operating budget and tax rate, approve Town ordinances and resolutions, appoint various advisory committees, and employ the Municipal Judge, Town Attorney, Town Administrator, and Town Secretary.

The Town Administrator is responsible for implementing the policies and ordinances enacted by the governing body, managing the day-to-day operations of the Town, and appointing the department directors. The Town Administrator, along with the Director of Community Development, also administers the Argyle Municipal Development District

The Town has adopted a Comprehensive Land Use Plan and Zoning Ordinance, and thus appoints a Planning and Zoning Commission to carry out the statutory duties set forth in the Texas Local Government Code. The Town's Director of Community Development serves as staff liaison to the Planning and Zoning Commission and administers the zoning and subdivision ordinances of the Town.

The Town of Argyle voters have approved three local option sales and use tax proposals; consequently, the Town administers a Municipal Development District, a Crime Control and Prevention District, and a Street Maintenance Sales Tax. The local option sales and

use tax revenue generated for these purposes are used in accordance with their respective provisions of State Law. By law, the governing body appoints a Municipal Development District Board of Directors and a Crime Control and Prevention District (CCPD) Board of Directors for the purpose of administering these programs. The Chief of Police serves as staff liaison to CCPD board.

Services Provided

The Town of Argyle provides general administration, police services, municipal court services, development and planning services, park maintenance, street and drainage maintenance, and wastewater collection system maintenance.

Other Provided Services

Fire and EMS is provided by Denton County Emergency Services District Number 1 and is funded through a District-wide property tax levy. Solid waste collection and recycling services are contracted through Republic Waste Services. The Argyle Water Supply Corporation provides water distribution and storage throughout the Town, as well as billing and collection of sewer service fees on behalf of the Town's Wastewater Utility for the majority of the wastewater customers. The Town has also contracted with the Town of Northlake for wastewater billing and collection of sewer service fees for the portion of Argyle's wastewater customers within the Canyon Falls Municipal Utility District No. 1. The Town contracts with both the Trinity River Authority and the City of Denton for wastewater treatment services.

Economic Conditions and Outlook

As the regional economy continues to prosper, business activity and development interest in the Town continue as well. Significant factors in the Town's economic strength and continued high taxable values are the proximity to major job centers within the Dallas-Fort Worth (DFW) Metroplex, along with the importance of DFW International Airport and the Alliance Airport which are connected by a network of major highways. Another contributing factor to the Town's economic stability is the exemplary schools located in Argyle. Argyle ISD (AISD) is a highly ranked school district which has won nine consecutive Lone Star Cups and eleven overall, making them the consistent number one 4A school district in Texas. Liberty Christian School, also located in Argyle, has been awarded the Overall State Championship by the Texas Association of Private and Parochial Schools (TAPPS) 12 times, including 11 of the last 14 years. Both schools continue to attract residents to the Town.

Residential building permit activity saw a large increase this year. In FY2020-2021, over 260 permits were issued. Of those, 256 permits were for new single-family residential and four permits for commercial construction. This is in comparison with 76 single-family residential permits issued in FY2020 and 78 issued in FY2019. Staff anticipates another increase in FY2022 as permits are anticipated to be issued in the newest subdivisions – Argyle Landing, Lakes of Argyle, Waterbrook, and 5T Ranch Phase II. The first phase of

Avalon at Argyle subdivision broke ground last fiscal year for an additional 101 residential lots. The next two phases are scheduled to start construction in FY 2022. Existing neighborhoods such as Argyle Town Village, The Oaks and 5T Ranch Phase I continue to have new home permits issued but are nearing build out. Staff continues to take a conservative approach in determining permit activity.

Currently, there are two large master planned residential communities outside the Town's limits, but within portions of the Town of Argyle's Extra Territorial Jurisdiction (ETJ). Extraterritorial jurisdiction by statute is defined as the unincorporated area that is contiguous to the corporate boundaries of the municipality and provides only limited legal ability of a government to exercise authority beyond its normal boundaries. Construction of the first phase of Harvest, a 4,000-lot master planned residential development west of Argyle, began in November 2012 and is expected to spur additional development activity and interest in the area for years to come. The first phase of Harvest Townside within the Town's ETJ, which includes 210 single-family lots, has been completed and single-family homes are already under construction. Additional phases in the Harvest Development under construction include Harvest Townside Phase II (102 lots), Harvest Townhomes Phase I (120 lots) Harvest Townhomes Phase II (98) , Harvest Phase 12 (191lots), and Harvest Phase 16 (414 lots). At this time total buildable lots in the Harvest Development within the Argyle ETJ is 1,135. Canyon Falls, another 3,700-lot, master planned development to the south of Argyle, began construction of homes in 2014. The portion of Canyon Falls within the Town's ETJ, which includes 340 single-family lots, has completed the first phase of construction and building permits will continue to be issued in 2021. There is a third planned residential subdivision which began construction in 2020 within the Argyle ETJ called Argyle Crossing which will consist of 79 single-family lots.

Local option sales and use tax revenue continues to grow steadily. Commercial projects completed include Rapid Med and Castle Development Medical Offices Phase II..

In January 2019, the Town issued \$2.75 million in debt for the 2019 Road Improvement Project. The project included maintenance, repair and reconstruction of several areas throughout the Town. These funds were used for the reconstruction of Crawford, Harpole, South Gibbons and Cherly Lynn streets In August of 2021 the Town issued an additional \$3.25 million in debt for the 2021 Road Improvement projects. These funds have been earmarked for the reconstruction of Stonecrest, C-Talyor, Hickory Hill and Frenchtown Roads.

Budget

The Fiscal Year (FY) 2021 adopted General Fund expenditures decreased 3.5% over FY 2020. The decrease can be attributed to the adoption of zero base budgeting philosophy A Communication Coordinator position was added, as well as an facility/park maintenance employee. Additional personnel expenditures include the 2.5% merit adjustment all employees were eligible for and police officers received their market adjustment to the general service pay schedule to help with retention of these valuable employees. The Crime Control Prevention Fund helped fund this pay through an annual transfer.

The Town had transitioned to an Information Technology (IT) support contract in FY2018, and this has continued through the years with an increase in support the Town has seen an increase in the contract cost. There was also a large increase in the third party inspection services contract due to the number of homes constructed . The components of this increase are primarily higher Ad Valorem revenue, increased sales tax revenue, and increased permit revenue. This was the fifth year of a transfer in from Crime Control Prevention District to help fund officer pay increases.

FY 2021 closed the year with actual revenues exceeding budgeted revenues by \$1,404,454. During the FY 2021 budget process, Council approved a transfer from the general fund to the capital improvements fund of \$600,000. The FY21 adopted Budget reflects ending fund balance of 292 days, which is above the 120 days required in our financial policies.

The 2020 (FY 2021 Budget) certified taxable values increased to \$913,257,374 over 2020 taxable values. The 12.5% increase is a combination of new value-added of 5.0%, and a 7.5% appreciation in existing home values. During the FY 2022 budget process, the Council approved limiting increases of ad valorem on residence homesteads for person age 65 and over and disabled persons. For FY22, the Council approved a property tax rate decrease from \$0.378193 to \$0.370482 per \$100 valuation.

Accounting System and Budgetary Control

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities incurred. Accounting records for the Town's utilities are maintained on the accrual basis.

In developing and maintaining the Town's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the Town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The Town continues to review additional procedures to enhance the current internal controls.

The annual program of services (budget) serves as the foundation of the Town's financial planning and control. State law requires the annual budget to be adopted by the Town Council before the start of the fiscal year. The proposed budget must be filed with the Town

Secretary, for public review, no later than thirty (30) days before the date set for a public hearing by the Town Council to consider adoption of the annual program of services.

Prior to adoption, the Town Administrator and department directors prepare program expenditure estimates for the remainder of the current fiscal year, as well as for the upcoming fiscal year which are compared to estimates of revenue for the same periods. Adjustments are made to the program expenditure estimates as necessary to ensure the proposed program of services is presented within total estimated revenue and available beginning revenue sources.

The Town Administrator is authorized to transfer budgeted amounts between line items within any fund; however, any revisions altering the total approved expenditures of any fund must be approved by the Town Council.

Budgetary control has been established at the fund level. Financial reports are produced showing budget and actual expenditures by line item and are distributed monthly to the departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at the position level, and capital expenditures are monitored and controlled item by item. Revenue and expenditure budgets are reviewed monthly.

A budget-to-actual comparison for the General Fund is provided later in this report.

Debt Management

The Town funds its capital program from a combination of current revenues and capital debt. Street improvements are funded by a combination of capital debt and capital improvement fees. Annual debt service requirements for general obligation debt are well below the statutory legal limit of \$1.50 per \$100 assessed property value.

Cash Management

The Town utilizes its investment policy in the management of all cash. The Town's investment policy embraces current state regulations on the investment of public funds and authorizes the Town to invest in fully insured or collateralized certificates of deposit from the depository bank, direct obligations of the United States Government, obligations of an agency of the United States Government and local government investment pools. State law requires public funds deposits be collateralized. Collateral is monitored to ensure the market value of the pledged securities equals or exceeds 102% of the related deposit or investment balance. All collateral shall be subject to verification by the Town Treasurer and the Town's independent auditors.

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979, and subsequent revisions of the State Property Tax Code, the appraised value of taxable property in Argyle is established by the Denton County Appraisal District. The Town of Argyle and other taxing jurisdictions in Denton County provide a pro-rata share of the budgeted expenditures incurred by the Appraisal District, based on the individual levy. The Denton County Tax Assessor-Collector provides tax collection services for the Town and other taxing jurisdictions in Denton County.

Risk Management

A town government is continuously exposed to risk of all kinds, including damage to public property and liability resulting from injury to persons and damage to their property. As a means of providing reasonable protection against these risks, the Town participates in the Texas Municipal League Joint Self-Insurance Fund for its property loss and liability coverage. As a member of the program, the Town is provided the most extensive protection available to Texas cities in the areas of comprehensive general liability, auto liability, losses to municipal building and contents, and for law enforcement and public officials' liability coverage.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Town. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and Town Council members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,



Rich Olson
Town Administrator



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Town of Argyle, Texas

List of Elected and Appointed Officials

As of September 30, 2021

Elected Officials

Mayor	Bryan Livingston
Council Member – Place 1	Joan Delashaw
Council Member – Place 2	Ronald Schmidt
Council Member – Place 3	Sherri Myers
Council Member – Place 4	Cynthia Hermann
Council Member – Place 5	Rick Bradford

Appointed Officials

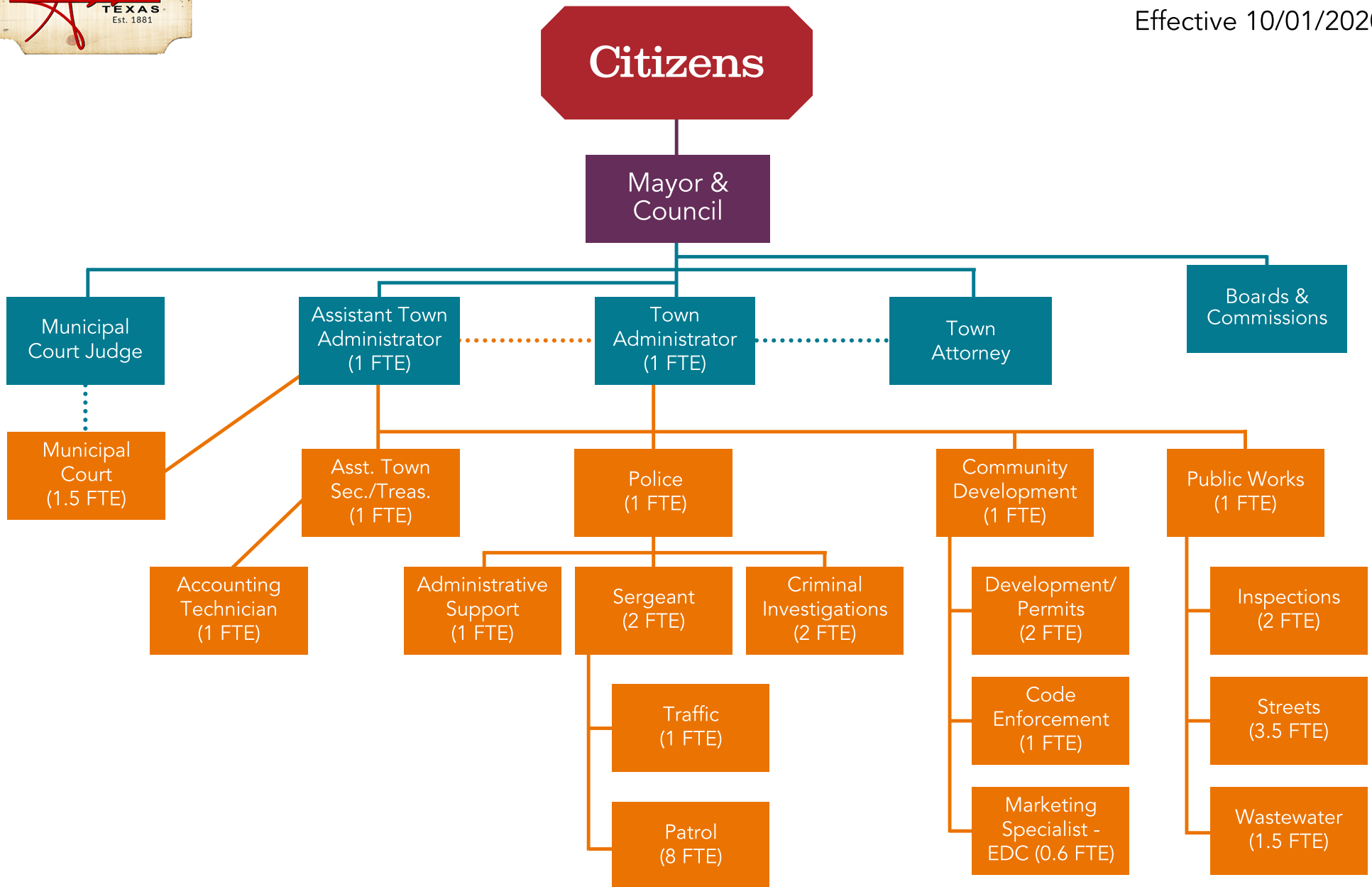
Town Administrator	Richard Olson
Asst. Town Administrator	Vacant

Department Directors

Police Chief	Emmitt Jackson
Director of Community Services	Emilio Sanchez
Public Works Director	Troy Norton
Municipal Court Clerk	Mayra Ramos

Mayor – Bryan Livingston was elected Mayor on May 1, 2021.

Council Member – Place 1 was vacant and effective July 23, 2021 was filled by Joan Delashaw





Financial Section

For the fiscal year ended
September 30, 2021



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Report of Independent Auditors

To the Town Council
Town of Argyle, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Argyle, Texas (the “Town”) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

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

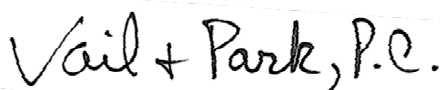
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022 on our consideration of the Town’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.



Richardson, Texas
May 10, 2022

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Our discussion and analysis of the Town of Argyle's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,792,812.
- Unrestricted net position at the close of the fiscal year is \$5,835,330 and may be used to meet the Town's ongoing/unallocated obligations to citizens and creditors.
- The Town's total net position increased by \$3,433,244 as a result of: 1) an increase in net position of \$3,098,039 for the governmental activities and 2) an increase in net position of \$335,205 for the business-type activities. The increase in governmental activities is primarily due to increased sales taxes of \$381,452 and intergovernmental revenue of \$957,500, and Coronavirus Local Fiscal Recovery Relief Funds of \$542,7750. The increase in business-type activities is primarily due to increased impact fees of \$569,978.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,611,676, which includes the Municipal Development District (MDD) /Economic Development Corporation (EDC) and Crime Control Prevention District (CCPD). The fund balances increased overall by an amount of \$588,613. This is primarily due to increased intergovernmental revenue and sales taxes. Of the total fund balance, \$4,225,261 is unassigned and available for spending at the Town's discretion.
- At the end of the current fiscal year, the unassigned General Fund balance was \$4,225,261, or 96.42% of total FY21 General Fund actual expenditures.
- The net increase to the Town's total long-term liabilities was \$1,208,629 during the current fiscal year. This increase was a combination of a new bond issuance and payments for all scheduled debt obligations being made in full and on time.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities. These provide information about the activities of the Town as a whole and present a long-term view of the Town's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for funding requests and the appropriations from the State. Proprietary fund financial statements report activity for the Town's wastewater operations.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Reporting the Town as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the Town's overall financial condition and operation. The primary objective of these statements is to show whether the Town's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the Town's assets and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses generated by the Town's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The Town's revenue is divided into the following categories: 1) charges for services; 2) operating grants and contributions; 3) capital grants and contributions; and 4) general revenues not associated with any specific program function. All of the Town's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the Town's net position and changes in it. The Town's net position (the difference between assets and liabilities) provides one measure of the Town's financial health. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Town however, non-financial factors should also be considered, such as changes in the Town's request for services from citizens and the condition of the Town's facilities.

In the Statement of Net Position and the Statement of Activities, the Town has two kinds of activities:

Governmental Activities – Town services such as public safety, municipal court, public works, development services and general government are reported here. Town property taxes finance approximately 50% of these activities.

Business-Type Activities - The Town uses proprietary (business-type) funds to account for its wastewater services. The services are supported by monthly charges to citizens.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. The Town's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds – The Town reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the Town's general operations and the basic services it provides. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary Funds – The Town uses proprietary (business-type) funds to account for its wastewater operations. The full-accrual basis of accounting is used for all proprietary type funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Statement of Net Position

The Town implemented the provisions of GASB Statement No. 34 during the fiscal year 2004. Net position serves as one useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$39,792,812 at the end of fiscal year 2021. The increase of \$3,433,244 over the prior fiscal year is primarily due to increased sales taxes, capital grants, and intergovernmental revenues.

TABLE I NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 12,092,278	\$ 10,926,455	\$ 4,421,699	\$ 2,106,957	\$ 16,513,977	\$ 13,033,412
Capital assets, net of accumulated depreciation	25,359,955	32,362,518	9,354,254	11,849,344	34,714,209	44,211,862
Total assets	37,452,233	43,288,973	13,775,953	13,956,301	51,228,186	57,245,274
Deferred outflows of resources	257,477	233,088	-	-	257,477	233,088
Current payables & other liabilities	1,227,419	686,293	379,960	220,962	1,607,379	907,255
LT bonds and leases payable	5,745,351	6,496,707	2,794,888	834,903	8,540,239	7,331,610
Total liabilities	6,972,770	7,183,000	3,174,848	1,055,865	10,147,618	8,238,865
Deferred inflows of resources	1,545,233	1,100,625	-	-	1,545,233	1,100,625
Net assets						
Net investment in capital position	19,725,955	10,438,118	6,561,242	4,562,719	26,287,197	15,000,837
Restricted net assets						
Debt retirement	105,131	194,146	-	-	105,131	194,146
Capital improvements	1,783,315	2,586,202	1,283,870	884,099	3,067,185	3,470,301
Street maintenance	1,633,219	1,192,594	-	-	1,633,219	1,192,594
Economic development	1,812,329	1,685,253	-	-	1,812,329	1,685,253
Other specific purposes	1,264,768	1,020,532	-	-	1,264,768	1,020,532
Tax Increment Reinvestment Zone	(212,347)	147,701	-	-	(212,347)	147,701
Unrestricted	3,079,337	2,273,990	2,755,993	1,000,020	5,835,330	3,274,010
Total net position	\$ 29,191,707	\$ 19,538,536	\$ 10,601,105	\$ 6,446,838	\$ 39,792,812	\$ 25,985,374

The Town's net investment in capital assets is 66.10% of the Town's total net position. This includes all capital assets, net of related debt: land, construction in progress, buildings and improvements, general infrastructure, intangibles, vehicles and equipment, and wastewater system, less outstanding debt used to acquire these assets. The Town uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

An additional portion of the Town's net position, (19.27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted/unallocated net position*, \$5,835,330, may be used to meet the Town's ongoing obligations to citizens and creditors.

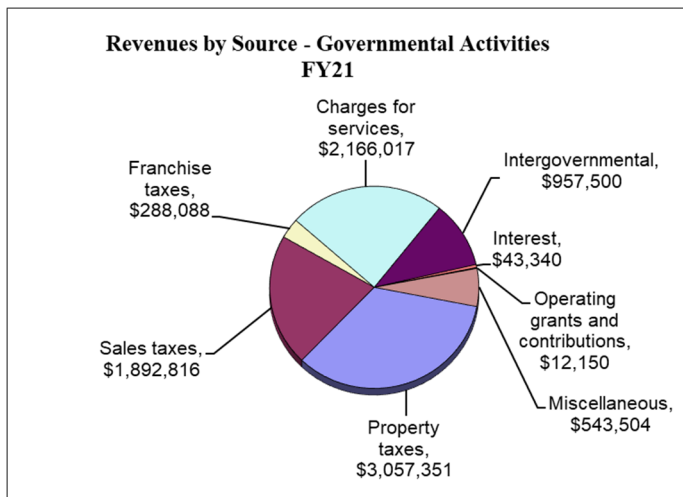
Government-wide Statement of Activities

TABLE II
CHANGES IN NET POSITION

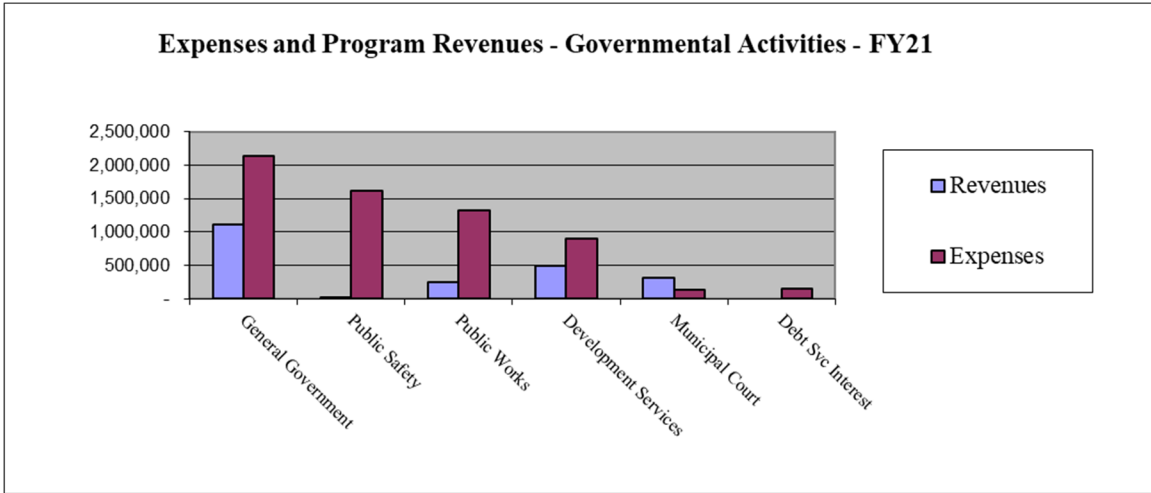
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 2,166,017	\$ 1,407,103	\$ 919,842	\$ 827,203	\$ 3,085,859	\$ 2,234,306
Operating grants and contributions	12,150	37,773	-	-	12,150	37,773
Capital grants and contributions	-	-	810,092	240,114	810,092	240,114
General revenues						
Property taxes	3,057,351	3,076,638	-	-	3,057,351	3,076,638
Franchise fees	288,088	293,648	-	-	288,088	293,648
Sales taxes	1,892,816	1,511,364	-	-	1,892,816	1,511,364
Intergovernmental	957,500	231,220	-	-	957,500	231,220
Interest	43,340	131,457	8,057	25,106	51,397	156,563
Miscellaneous	543,504	8,726	-	-	543,504	8,726
Total revenues	8,960,766	6,697,929	1,737,991	1,092,423	10,698,757	7,790,352
Expenses:						
General government	2,132,561	1,609,190	-	-	2,132,561	1,609,190
Public safety	1,618,662	1,655,752	-	-	1,618,662	1,655,752
Public works	1,331,292	1,201,440	-	-	1,331,292	1,201,440
Development services	900,614	677,426	-	-	900,614	677,426
Municipal court	136,705	117,595	-	-	136,705	117,595
Interest on long term debt	154,933	265,222	54,148	34,596	209,081	299,818
Bond issuance costs	-	62,802	60,654	-	60,654	62,802
Wastewater utility	-	-	875,944	677,366	875,944	677,366
Total expenses	6,274,767	5,589,427	990,746	711,962	7,265,513	6,301,389
Increase (decrease) in net position before transfer	2,685,999	1,108,502	747,245	380,461	3,433,244	1,488,963
Net transfers	412,040	115,686	(412,040)	(115,686)	-	-
Increase (decrease) in net position	3,098,039	1,224,188	335,205	264,775	3,433,244	1,488,963
Net position - beginning, as restated	19,538,536	18,314,348	6,446,838	6,204,500	25,985,374	24,518,848
Prior period adjustment	6,555,132	-	3,819,062	(22,437)	10,374,194	(22,437)
Net position - ending	\$ 29,191,707	\$ 19,538,536	\$ 10,601,105	\$ 6,446,838	\$ 39,792,812	\$ 25,985,374

Governmental Activities

Governmental activities increased the net position of the Town by \$3,098,039. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$3,079,337 for governmental activities.

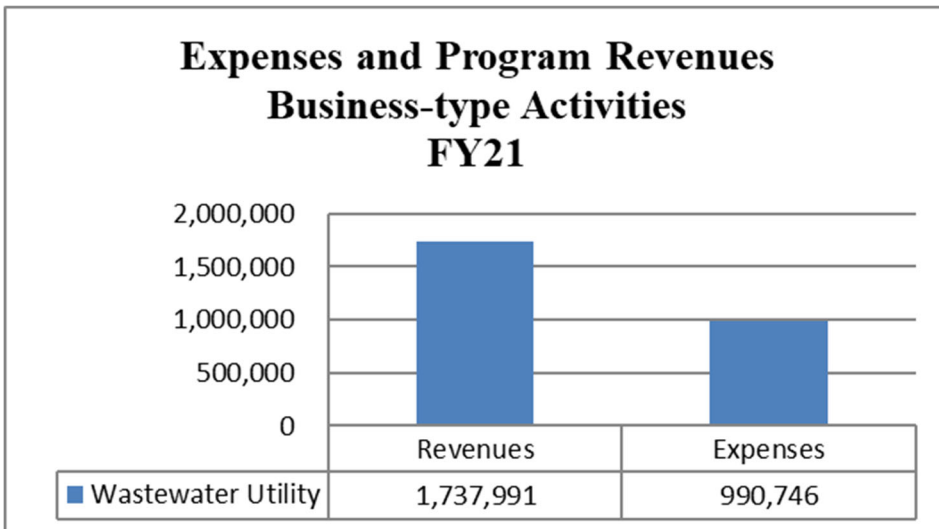
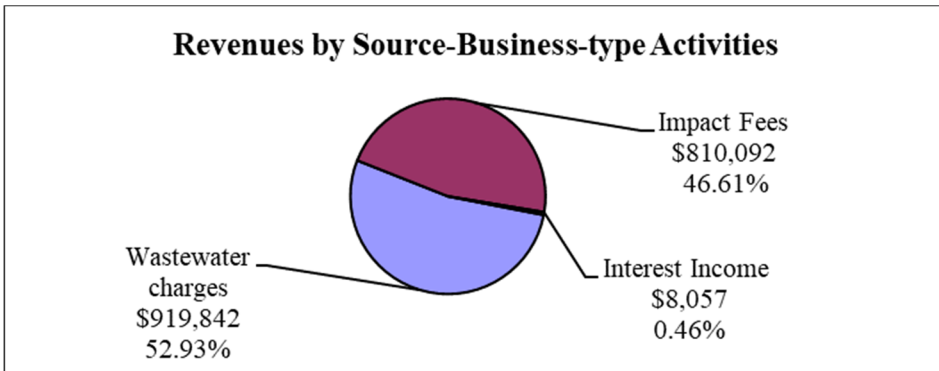


**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**



Business-type Activities

Business-type activities increased the net position of the Town by \$335,205.



**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its combined governmental funds, as presented in the balance sheet, reported a combined fund balance of \$10,611,676. This represents an increase of \$588,613 from the prior fiscal year.

Revenues for the Town's general fund were \$5,917,250, while total expenses before transfers were \$4,382,032. Other financing sources (uses) include a budgeted transfer from the General Fund of \$600,000 to the Capital Improvements Fund and \$55,492 to the Wastewater Development Fund. Transfers to the General Fund included \$71,000 from the CCPD Fund, \$55,000 from the Street Maintenance Fund, and \$23,000 from the MDD Fund. The Economic Development Fund was closed in fiscal year 2021 and the proceeds were transferred to the Municipal Development District.

Factors concerning the finances of the wastewater business-type fund were addressed in the previous discussion of the Town's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

TABLE III
TOWN OF ARGYLE CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2021	2020 (as restated)	2021	2020 (as restated)	2021	2020 (as restated)
Land	\$ 473,246	\$ 464,206		\$ -	\$ 473,246	\$ 464,206
Construction in progress	2,949,185	639,367	\$ 498,424	106,190	3,447,609	745,557
Buildings and improvements	4,006,508	3,999,595		-	4,006,508	3,999,595
Infrastructure	22,710,436	22,086,087		-	22,710,436	22,086,087
Intangibles	720,711	720,711	82,103	82,103	802,814	802,814
Vehicles and equipment	1,502,432	1,300,325	345,291	345,291	1,847,723	1,645,616
Graveyard branch collection system	-	-	687,518	687,518	687,518	687,518
Wastewater system	-	-	10,236,008	10,163,557	10,236,008	10,163,557
Total	\$ 32,362,518	\$ 29,210,291	\$ 11,849,344	\$ 11,384,659	\$ 44,211,862	\$ 40,594,950

Governmental activities capital assets had a net increase of \$3,152,227 over FY20. The increase is a combination of normal vehicle replacement, continuation of town wide street improvements made possible by bond issuance and annual depreciation in the amount of \$1,052,019.

Business-type activities assets had a net increase of \$464,685 over FY20. The increase is a combination of additions to system wastewater line relocations, capital purchases, dispositions, and the annual depreciation expense of \$327,396. See *Notes to Financial Statements* for more detailed information on capital asset activity.

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Long-term Debt

TABLE IV
TOWN OF ARGYLE OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ 5,634,000	\$ 6,224,500	\$ 2,793,012	\$ 805,000	\$ 8,427,012	\$ 7,029,500
Notes payable	-	-	-	28,027	-	28,027
Capital leases payable	-	-	-	-	-	-
Compensated absences	111,351	135,427	1,876	1,876	113,227	137,303
	<u>\$ 5,745,351</u>	<u>\$ 6,359,927</u>	<u>\$ 2,794,888</u>	<u>\$ 834,903</u>	<u>\$ 8,540,239</u>	<u>\$ 7,194,830</u>

On September 30, 2021, the Town had bonds payable, notes payable and accrued compensated absences outstanding of \$8,540,239. The increase of \$1,345,409 is a result of debt issuance and principal payments during the year. New debt in the amount of \$1,995,000 was issued for wastewater capital improvements. Principal payments totaled \$678,027, and all payments were made on or before their due dates. Debt service payments made include payment on refunded debt. See *Notes to Financial Statements* for more detailed information on long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The ending general fund balance for FY21 was \$4,225,261. The FY21 fund balance is 352 days, well above the stated balance of 120 days in the Town's Financial Policies. The fiscal year 2021-2022 budget was based on the adopted property tax rate of \$.370482 per \$100 of valuation.

The FY 2022 General Fund budgeted expenditures increased by \$759,551 or 16.7% over the FY 2021 adopted budget. This increase is made up primarily of increased personnel and contracted services costs.

FY 2022 (tax year 2021) property tax revenue was based on ad valorem net taxable values which rose 12.54% over the previous year. This increase is primarily due to new value added (5.55%, and a 6.99% appreciation in existing home values).

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Town of Argyle, Attn: Town Administrator, P.O. Box 609, Argyle, TX 76226.



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Basic Financial Statements

For the fiscal year ended
September 30, 2021



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**Town of Argyle, Texas
Statement of Net Position
September 30, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,740,244	\$ 3,000,794	\$ 7,741,038
Receivables (net of allowance for uncollectibles)	723,020	137,035	860,055
Restricted cash and cash equivalents	6,386,415	1,283,870	7,670,285
Due from other funds	203,116	-	203,116
Capital assets (net of accumulated depreciation):			
Land	473,246	-	473,246
Construction in progress	2,949,185	498,424	3,447,609
Buildings and improvements	2,118,369	-	2,118,369
Vehicles and equipment	450,582	184,525	635,107
Infrastructure	19,347,524	-	19,347,524
Wastewater system	-	8,652,338	8,652,338
Intangible assets	21,049	18,967	40,016
Total capital assets	<u>25,359,955</u>	<u>9,354,254</u>	<u>34,714,209</u>
Net pension asset	39,483	-	39,483
Total assets	<u>37,452,233</u>	<u>13,775,953</u>	<u>51,228,186</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - pension contributions	248,477	-	248,477
Deferred charge on refunding	9,000	-	9,000
Total deferred outflows of resources	<u>257,477</u>	<u>-</u>	<u>257,477</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>37,709,710</u>	<u>13,775,953</u>	<u>51,485,663</u>
LIABILITIES			
Current liabilities:			
Accounts payable	967,757	230,137	1,197,894
Accrued liabilities	107,582	11,699	119,281
Escrow and other liabilities	87,088	-	87,088
Due to other funds	64,992	138,124	203,116
Non-current liabilities:			
Compensated absences - noncurrent	111,351	1,876	113,227
Due within one year	608,000	150,000	758,000
Due in more than one year (net of unamortized bond premium)	5,026,000	2,643,012	7,669,012
Total liabilities	<u>6,972,770</u>	<u>3,174,848</u>	<u>10,147,618</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	1,238,242	-	1,238,242
Deferred inflow - investment experience	162,981	-	162,981
Deferred inflow - actuarial pension losses	142,306	-	142,306
Deferred inflow - difference in assumption changes	1,704	-	1,704
Total deferred inflow of resources	<u>1,545,233</u>	<u>-</u>	<u>1,545,233</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>8,518,003</u>	<u>3,174,848</u>	<u>11,692,851</u>
NET POSITION			
Net investment in capital assets	19,725,955	6,561,242	26,287,197
Restricted for:			
Debt service	105,131	-	105,131
Capital improvements	1,783,315	1,283,870	3,067,185
Street maintenance	1,633,219	-	1,633,219
Economic development	1,812,329	-	1,812,329
Municipal court	43,370	-	43,370
Community projects	614,305	-	614,305
Police	386,135	-	386,135
Building maintenance	28,002	-	28,002
Equipment replacement	192,956	-	192,956
Tax Increment Reinvestment Zone	(212,347)	-	(212,347)
Unrestricted	3,079,337	2,755,993	5,835,330
TOTAL NET POSITION	<u>\$ 29,191,707</u>	<u>\$ 10,601,105</u>	<u>\$ 39,792,812</u>

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

Town of Argyle, Texas
Statement of Activities
For the Year Ended September 30, 2021

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,132,561	\$ 1,118,369	\$ -	\$ -	\$ (1,014,192)	\$ -	\$ (1,014,192)
Municipal court	136,705	309,178	-	-	172,473	-	172,473
Public safety	1,618,662	-	12,150	-	(1,606,512)	-	(1,606,512)
Public works	1,331,292	247,092	-	-	(1,084,200)	-	(1,084,200)
Development services	900,614	491,378	-	-	(409,236)	-	(409,236)
Interest expense	154,933	-	-	-	(154,933)	-	(154,933)
Total governmental activities	<u>6,274,767</u>	<u>2,166,017</u>	<u>12,150</u>	<u>-</u>	<u>(4,096,600)</u>	<u>-</u>	<u>(4,096,600)</u>
Business-type activities:							
Wastewater utility	875,944	919,842	-	810,092	-	853,990	853,990
Interest expense	54,148	-	-	-	-	(54,148)	(54,148)
Bond issuance costs	60,654	-	-	-	-	(60,654)	(60,654)
Total business-type activities	<u>990,746</u>	<u>919,842</u>	<u>-</u>	<u>810,092</u>	<u>-</u>	<u>739,188</u>	<u>739,188</u>
Total Primary Government	<u>\$ 7,265,513</u>	<u>\$ 3,085,859</u>	<u>\$ 12,150</u>	<u>\$ 810,092</u>	<u>\$ (4,096,600)</u>	<u>\$ 739,188</u>	<u>\$ (3,357,412)</u>
Change in net position							
General revenues:							
Property taxes					3,057,351	-	3,057,351
Sales taxes					1,892,816	-	1,892,816
Franchise fees					288,088	-	288,088
Interest					43,340	8,057	51,397
Intergovernmental					957,500	-	957,500
Miscellaneous					543,504	-	543,504
Transfers in (out)					412,040	(412,040)	-
Total general revenues and transfers					<u>7,194,639</u>	<u>(403,983)</u>	<u>6,790,656</u>
Change in net position					3,098,039	335,205	3,433,244
Net position - beginning					19,538,536	6,446,838	25,985,374
Prior period adjustments					6,555,132	3,819,062	10,374,194
Net position - ending					<u>\$ 29,191,707</u>	<u>\$ 10,601,105</u>	<u>\$ 39,792,812</u>

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

Town of Argyle, Texas
Balance Sheet
Governmental Funds
September 30, 2021

	Blended Component Units									
	General Fund	Debt Service Fund	Capital Improvements Fund	Street Maintenance Fund	Roadway Impact Fees Fund	Economic Development Corporation	Municipal Development District	Crime Control Prevention District	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 4,302,183	\$ 113,896	\$ 1,066,776	\$ 1,531,788	\$ 1,130,368	\$ 22,634	\$ 1,739,747	\$ 313,555	\$ 905,712	\$ 11,126,659
Receivables (net of allowance for uncollectibles)										
Property taxes	63,764	16,994	-	-	-	-	-	-	-	80,758
Sales and beverage taxes	208,359	-	-	103,481	-	-	52,557	53,591	-	417,988
Franchise fees	95,816	-	-	-	-	-	-	-	-	95,816
Municipal court	128,458	-	-	-	-	-	-	-	-	128,458
Due from other funds	-	-	-	-	-	-	-	-	203,116	203,116
Total assets	<u>4,798,580</u>	<u>130,890</u>	<u>1,066,776</u>	<u>1,635,269</u>	<u>1,130,368</u>	<u>22,634</u>	<u>1,792,304</u>	<u>367,146</u>	<u>1,108,828</u>	<u>12,052,795</u>
LIABILITIES										
Accounts payable	125,716	-	413,829	2,050	-	-	2,609	5,433	418,120	967,757
Accrued liabilities	115,364	-	-	-	-	-	-	-	-	115,364
Unearned revenues	189,659	16,259	-	-	-	-	-	-	-	205,918
Escrow and other liabilities	87,088	-	-	-	-	-	-	-	-	87,088
Due to other fund	55,492	9,500	-	-	-	-	-	-	-	64,992
Total liabilities	<u>573,319</u>	<u>25,759</u>	<u>413,829</u>	<u>2,050</u>	<u>-</u>	<u>-</u>	<u>2,609</u>	<u>5,433</u>	<u>418,120</u>	<u>1,441,119</u>
FUND BALANCES										
Restricted for:										
Debt service	-	105,131	-	-	-	-	-	-	-	105,131
Capital improvements	-	-	652,947	-	1,130,368	-	-	-	-	1,783,315
Street maintenance	-	-	-	1,633,219	-	-	-	-	-	1,633,219
Economic development	-	-	-	-	-	22,634	1,789,695	-	-	1,812,329
Assigned to:										
Municipal court	-	-	-	-	-	-	-	-	43,370	43,370
Community projects	-	-	-	-	-	-	-	-	614,305	614,305
Police	-	-	-	-	-	-	-	361,713	24,422	386,135
Building maintenance	-	-	-	-	-	-	-	-	28,002	28,002
Equipment replacement	-	-	-	-	-	-	-	-	192,956	192,956
TIRZ	-	-	-	-	-	-	-	-	(212,347)	(212,347)
Unrestricted	4,225,261	-	-	-	-	-	-	-	-	4,225,261
Total fund balances	<u>4,225,261</u>	<u>105,131</u>	<u>652,947</u>	<u>1,633,219</u>	<u>1,130,368</u>	<u>22,634</u>	<u>1,789,695</u>	<u>361,713</u>	<u>690,708</u>	<u>10,611,676</u>
Total liabilities and fund balances	<u>\$ 4,798,580</u>	<u>\$ 130,890</u>	<u>\$ 1,066,776</u>	<u>\$ 1,635,269</u>	<u>\$ 1,130,368</u>	<u>\$ 22,634</u>	<u>\$ 1,792,304</u>	<u>\$ 367,146</u>	<u>\$ 1,108,828</u>	<u>\$ 12,052,795</u>

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

Town of Argyle, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds		\$ 10,611,676
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		25,359,955
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.		
	Bonds payable	(5,634,000)
	Deferred charges	9,000
	Net pension liability	39,483
	Accrued interest	7,782
		(5,577,735)
Other long-term liabilities are not recognized as current period revenues and, therefore, are deferred in the funds.		
	Deferred outflows and inflows	(58,514)
	Unearned revenue	(1,032,324)
	Compensated absences	(111,351)
		(1,202,189)
Net position of governmental activities		\$ 29,191,707

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The accompanying notes are an integral part of this statement.

Town of Argyle, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Improvements Fund	Street Maintenance Fund	Roadway Impact Fees Fund	Blended Component Units			Nonmajor Governmental Funds	Total Governmental Funds
						Economic Development Corporation	Municipal Development District	Crime Control Prevention District		
REVENUES										
Taxes:										
Property	\$ 2,419,160	\$ 644,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,063,946
Sales and beverage	1,135,585	-	-	563,679	-	136,301	140,241	280,009	-	2,255,815
Franchise fees	383,904	-	-	-	-	-	-	-	-	383,904
Municipal court fines	290,373	-	-	-	-	-	-	-	-	290,373
Building permits and fees	1,118,369	-	-	-	-	-	-	-	-	1,118,369
Court technology and security fees	-	-	-	-	-	-	-	-	18,805	18,805
Park development fees	-	-	-	-	-	-	-	-	154,385	154,385
Tree reforestation fees	-	-	-	-	-	-	-	-	92,707	92,707
Development and impact fees	-	-	-	-	491,378	-	-	-	-	491,378
Contributions	-	-	-	-	-	-	-	6,811	5,339	12,150
Intergovernmental	-	-	957,500	-	-	-	-	-	-	957,500
Interest	26,355	739	4,437	3,128	1,793	2,579	1,220	1,042	2,047	43,340
Miscellaneous	543,504	-	-	-	-	-	-	-	-	543,504
Total revenues	5,917,250	645,525	961,937	566,807	493,171	138,880	141,461	287,862	273,283	9,426,176
EXPENDITURES										
Current:										
General government	1,224,400	-	-	-	-	-	-	-	845,840	2,070,240
Municipal court	117,631	-	-	-	-	-	-	-	29,589	147,220
Public safety	1,592,603	-	-	-	-	-	-	39,658	5,755	1,638,016
Public works	545,391	-	-	4,050	-	-	-	-	-	549,441
Development services	862,047	-	-	-	-	40,275	25,090	-	-	927,412
Capital outlay:										
General government	39,960	-	-	-	-	-	-	-	-	39,960
Public safety	-	-	-	-	-	-	-	73,636	88,511	162,147
Public works	-	-	2,857,995	27,125	-	-	-	-	-	2,885,120
Development services	-	-	-	-	-	45,500	19,500	-	-	65,000
Debt service:										
Principal retirement	-	580,000	-	-	-	-	-	-	-	580,000
Interest and fiscal charges	-	185,047	-	-	-	-	-	-	-	185,047
Total expenditures	4,382,032	765,047	2,857,995	31,175	-	85,775	44,590	113,294	969,695	9,249,603
Excess (deficiency) of revenues over (under) expenditures	1,535,218	(119,522)	(1,896,058)	535,632	493,171	53,105	96,871	174,568	(696,412)	176,573
OTHER FINANCING SOURCES (USES)										
Transfers in	149,000	40,007	600,000	-	-	-	1,692,824	-	477,032	2,958,863
Transfers out	(655,592)	(9,500)	-	(95,007)	-	(1,715,724)	-	(71,000)	-	(2,546,823)
Total other financing sources and uses	(506,592)	30,507	600,000	(95,007)	-	(1,715,724)	1,692,824	(71,000)	477,032	412,040
Net change in fund balances	1,028,626	(89,015)	(1,296,058)	440,625	493,171	(1,662,619)	1,789,695	103,568	(219,380)	588,613
Fund balances - beginning	3,238,631	194,146	1,949,005	1,192,594	637,197	1,685,253	-	258,145	910,088	10,065,059
Prior period adjustments	(41,996)	-	-	-	-	-	-	-	-	(41,996)
Fund balances - ending	\$ 4,225,261	\$ 105,131	\$ 652,947	\$ 1,633,219	\$ 1,130,368	\$ 22,634	\$ 1,789,695	\$ 361,713	\$ 690,708	\$ 10,611,676

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

Town of Argyle, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	588,613
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		2,100,209
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		613,576
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(465,410)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		261,051
Change in net position of governmental activities	<u>\$</u>	<u>3,098,039</u>

-

The accompanying notes are an integral part of this statement

Town of Argyle, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Wastewater Utility Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,000,794
Accounts receivable (net of allowance for uncollectibles)	137,035
Total current assets	3,137,829
Noncurrent assets:	
Restricted cash and cash equivalents	1,283,870
Capital assets:	
Construction in progress	498,424
Vehicles	13,240
Equipment	332,051
Wastewater collection system	10,236,008
Graveyard branch collection system	687,518
Intangibles	82,103
Accumulated depreciation	(2,495,090)
Total capital assets (net of accumulated depreciation)	9,354,254
Total noncurrent assets	10,638,124
Total assets	13,775,953
LIABILITIES	
Current liabilities:	
Accounts payable	230,137
Accrued liabilities	11,699
Due to other funds	138,124
Notes payable - current	150,000
Total current liabilities	529,960
Noncurrent liabilities:	
Compensated absences - noncurrent	1,876
Notes payable - noncurrent (net of unamortized bond premium)	2,643,012
Total noncurrent liabilities	2,644,888
Total liabilities	3,174,848
NET POSITION	
Net investment in capital assets	6,561,242
Restricted for capital improvements	1,283,870
Unrestricted	2,755,993
Total net position	\$ 10,601,105

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

Town of Argyle, Texas
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Wastewater Utility Funds
OPERATING REVENUES:	
Charges for sales and services:	
Wastewater	\$ 813,945
Installation fees	105,897
Total operating revenues	919,842
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	143,627
Treatment services	333,057
Contractual services	24,779
Material and supplies	8,279
Lift station utilities	9,559
Maintenance	23,393
Administration and other operating expenses	5,854
Depreciation	327,396
Total operating expenses	875,944
Operating income	43,898
NONOPERATING REVENUES (EXPENSES):	
Impact fees	810,092
Interest income	8,057
Interest expense	(54,148)
Bond issuance costs	(60,654)
Total nonoperating revenue (expenses)	703,347
Income (loss) before transfers	747,245
Transfers out	(412,040)
Change in net position	335,205
Total net position - beginning	6,446,838
Prior period adjustments	3,819,062
Total net position - ending	\$ 10,601,105

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

Town of Argyle, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	<u>Wastewater Utility Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 880,883
Cash payments to suppliers for goods and services	109,756
Cash payments to employees and professional contractors for services	(501,463)
Net cash provided by operating activities	<u>489,176</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(412,040)</u>
Net cash used in noncapital financing activities	<u>(412,040)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on notes	1,959,985
Interest paid on notes	(54,148)
Impact fees	810,092
Capital contributions	(60,654)
Acquisition and construction	(464,685)
Net cash provided by capital and related financing activities	<u>2,190,590</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>8,057</u>
Net cash provided by investing activities	<u>8,057</u>
Net increase (decrease) in cash and cash equivalents	2,275,783
Cash and cash equivalents, October 1, 2020	<u>2,008,881</u>
Cash and cash equivalents, September 30, 2021	<u><u>4,284,664</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	43,898
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	327,396
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(38,959)
Increase (decrease) in accounts payable	151,442
Increase (decrease) in accrued liabilities	5,399
Net cash provided (used) by operating activities	<u>\$ 489,176</u>

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



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Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Argyle, Texas (the "Town") is a municipal corporation governed by an elected mayor and a five-member council. The Town provides the following services: public safety (police), community development, public works, municipal court, general administration, and wastewater. The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally Accepted Accounting Principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant policies of the Town are described below.

1. The Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financial accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units

The Argyle Economic Development Corporation, which was created in fiscal year 2003 as the result of a successful 4B sales tax election, the Argyle Crime Control and Prevention District, which was created in fiscal year 2004, and the Argyle Municipal Development District which was created in fiscal year 2021, are blended presented component units of the Town. The component units do not issue separate financial statements.

The financial statements include government-wide statements prepared on an accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Combining statements for the non-major governmental funds are included in the supplementary section of this report. The Town capitalizes and depreciates all infrastructure assets (streets, bridges, traffic signals, etc.) on a prospective basis effective October 1, 2003.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary Town. For the most part, the effect of inter-fund 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

2. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of funds' assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and from individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statement section of this report into two broad categories as follows:

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

The primary government of the Town maintains five major governmental funds that include the general fund, debt service fund, capital improvements fund, street maintenance fund, and the roadway impact fees fund. In addition, the Town maintains nine non-major special revenue funds and one non-major capital projects fund. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital improvements fund, street maintenance fund, and the roadway impact fees fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation. Individual funds data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. Funds with no balances in assets, liabilities, revenue or expenditures are excluded from reporting.

General Fund

The general fund is the general operating fund of the Town. It is used to account for all financial resources except amounts required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general-long term debt, principal, interest, and related costs. The resources of this fund are provided primarily by taxes levied by the Town (General Fund).

Capital Projects Funds

The capital projects funds are used to account for all financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds). These funds are the Capital Improvements Fund, Roadway Impact Fees Fund, and the Equipment Replacement Fund.

Special Revenue Funds

Special revenue funds account for revenues that are raised for a specific purpose. The primary government of the Town maintains one major special revenue fund, Street Maintenance Fund, and nine individual non-major special revenue funds. These funds are the Court Technology Fund, Court Security Fund, Parkland Dedication Fund, Tree Reforestation Fund, LEOSE Training Fund, Police Donations Fund, Senior Citizens Organization Fund, Building Maintenance Fund, and Tax Increment Reinvestment Zone (TIRZ).

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPES

Wastewater Utility Funds

The proprietary fund is used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (cost of sales and services, administrative expenses, and depreciation on capital assets) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges for sales and services or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The primary government of the Town maintains three wastewater utility funds. These funds are the Wastewater Utility Operating Fund, Wastewater Utility CIP Fund, and the Wastewater Developments Fund.

3. Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary funds. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all of the eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The modified accrual basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the fund financial statements. Modified accrual basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and sales taxes are considered “measurable” when in the hands of the intermediary collecting governments and are recognized at that time. All major revenues are susceptible to accrual. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized in the accounting period in which they are earned and become measurable and expenditures in the accounting period in which they are incurred and become measurable.

4. Cash and Cash Equivalents

Cash and investments are considered to be cash on hand and demand and time deposits as well as short-term investments in State investment pools. For purposes of the statement of cash flows (proprietary fund types), the Town considers cash deposits and highly liquid investments (including restricted assets) maturing in three months or less when purchased, to be cash equivalents. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

5. Restricted Assets

Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

6. Inventory and Prepaid Items

Inventories, which are expensed as they are consumed, are stated at the lower of cost or market on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. At September 30, 2021, the Town had no inventories or prepaid expenses.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Interfund Receivables and Payables

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "amounts due to" and "amounts due from" other funds appropriately. Any residual balances outstanding between the governmental activities and proprietary-type activities are reported in the government-wide financial statements as "internal balances."

8. Revenue Recognition - Property Taxes

Taxes are levied on October 1 and are due and payable at that time. Ad valorem taxes attach as an enforceable lien on property as of January 1. All unpaid taxes levied October 1 become delinquent February 1 of the following year and are subject to penalty and interest as the Town Council provides by ordinance. Property tax revenues are recognized when they become available. "Available" includes those property taxes receivable which are expected to be collected within sixty days after year-end.

Property subject to taxation consists of real property and certain personal property situated in the Town. Certain properties of religion, education and charitable organizations, as well as the federal government and the State of Texas are exempt from taxation. Additionally, certain exemptions are granted to property owners in arriving at the net assessed valuation of property subject to Town taxation.

9. Allowance for Doubtful Accounts

The Town uses the direct write-off method of recording proprietary fund bad debts, which approximates the percentage method of recording bad debts. No allowance is provided for uncollectible real property taxes, since all real property taxes will ultimately be collected when title to the property is transferred, except in rare instances in which the taxes are discharged in bankruptcy.

10. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are accounted for in the statement of net position, rather than governmental funds. The Town defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first is the deferred outflow for pension contributions resulting from GASB 68. The second item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding 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 balance at September 30, 2021 was \$12,962.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has a deferred inflow from the actuarial pension gain that is presented on the Statement of Net Position from GASB 68. There is only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, municipal court and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

12. Depreciation

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. Estimated useful lives of major categories of property are as follows:

Infrastructure	40 years
Buildings	15 – 20 years
Machinery and equipment	5 – 12 years
Vehicles	5 – 12 years

13. Compensated Absences

The Town's employment policy permits employees to accumulate compensation time, earned vacation and unused sick pay leave. A liability for unpaid accumulated sick leave is not recorded since the Town does not have a policy to pay any sick leave amounts when employees separate from service. All vacation pays and accumulated compensation time is accrued when incurred in the government-wide financial statements.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Fund Balances

In accordance with GASB No. 54, *Fund Balance in Reporting and Governmental Fund Type Definitions*, the Town classifies its fund equity into five categories:

- *Non-spendable fund balance* includes amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted fund balance* includes amounts that are constrained to specific purposes by their providers or by enabling legislations.
- *Committed fund balance* includes amounts which are constrained to specific purposes by the Town Council through an ordinance or resolution. To be reported as committed, amounts cannot be used for any other purposes unless the Town Council takes the same action to remove or change the constraint.
- *Assigned fund balance* includes amounts a government intends to use for a specific purpose but are neither restricted nor committed. Assignments are made by Town management based on Town Council direction.
- *Unassigned fund balance* includes amounts that are available for any purpose. Unassigned fund balances are only reported in the general fund.

The Town's highest level of decision-making authority is governed by the Town Council. Passage of a resolution would be required to establish, modify, or rescind a fund balance commitment. The Town Council has the authority to assign amounts to specific purposes. The Town considers restricted amounts spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Expenditures incurred for purposes for which amounts to any of the unrestricted fund balance classifications could be used are classified using the highest level of spending constraint available at the time of the expenditure. The Town Council adopted Financial Policies in FY16 that establish a General Fund balance requirement of 120 days.

15. 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.

16. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt 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 legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Budgets

The Town prepares annual budgets for the general fund, special revenue funds, debt service fund, and capital projects funds on a GAAP basis in order to provide appropriate budgetary control over revenues and expenditures through comparison of actual data to budgetary data. If a change in the approved budget is required due to unforeseen circumstances, the Council may approve amendments to the budget. All annual appropriations lapse at fiscal year-end. The legal level of budgetary control is established at the fund level.

NOTE B – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures* the following disclosures are presented:

Deposits

Statutes authorize the Town to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 Public Funds Investments and Chapter 2257 Collateral for Public Funds of the Government Code. The Town's funds are required to be deposited and invested under the terms of a depository contract and investments policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect Town 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At September 30, 2021, the Town's carrying amount of demand deposits was \$14,437,530 while the bank balance also showed \$14,765,868 in deposits at financial banking institutions that are members of the FDIC (Category 1) Amounts deposited in the bank, including the bank balances of the blended component units in the amounts of \$133 for the Municipal Development District and \$47 for the Crime Control Prevention District, were fully insured by the FDIC (Category 1) The Town's deposits were adequately insured or collateralized at all times during the year ended September 30, 2021, and thus had no cash deposits that were exposed to custodial credit risk.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE B – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Investments

The Town also had \$973,793 in the Texas Local Government Investment Pool (TexPool) as follows:

	Amount
Public funds investment pools:	
TexPool General fund	\$ 100,542
TexPool EDC fund	808,522
TexPool Roadway Capital Improvement	430
TexPool WW Development	64,299
Total public funds investment pools	\$ 973,793

Cash and cash equivalents held in the TexPool are not categorized in regard to credit risk. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State comptroller has established an advisory board composed of Participants in the TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, Standard and Poor’s rated the TexPool at AAAM. To maintain the rating, weekly portfolio information must be submitted to Standard and Poors and the office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. Deposits held by this public funds investment pool are not subject to custodial credit risk.

Total unrestricted and restricted cash and cash equivalents for the primary government and component units in the amount of \$15,411,323 on the statement of net position at September 30, 2021, includes an additional \$400 cash on-hand. Of this amount, \$5,835,330 was unrestricted and available for spending at the Town’s discretion.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. As of September 30, 2021, the Town had no investments that were exposed to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment dominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of September 30, 2021, the Town was not exposed to foreign currency risk.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE C – RECEIVABLES

Receivables as of year-end for the government’s individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Proprietary Fund
	General Fund	Debt Service Fund	Street Maintenance Fund	Blended Component Units		Total Governmental Funds	Wastewater Utility Fund
				Municipal Development District	Crime Control Prevention District		
Receivables:							
Property taxes	\$ 63,764	\$ 16,994	\$ -	\$ -	\$ -	\$ 80,758	\$ -
Sales taxes	208,359	-	103,481	52,557	53,591	417,988	-
Franchise fees	95,816	-	-	-	-	95,816	-
Municipal court	204,362	-	-	-	-	204,362	-
Customer accounts	-	-	-	-	-	-	137,035
Gross receivables	572,301	16,994	103,481	52,557	53,591	798,924	137,035
Less: allowance for uncollectibles	(75,904)	-	-	-	-	(75,904)	-
Net total receivables	\$ 496,397	\$ 16,994	\$ 103,481	\$ 52,557	\$ 53,591	\$ 723,020	\$ 137,035

NOTE D – DELINQUENT AD VALOREM TAX

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current year. At the end of the current fiscal year, the deferred revenue reported in the governmental funds related to delinquent ad valorem taxes was \$77,461.

NOTE E – PROPERTY TAX REVENUE

Ad valorem taxes (property taxes) are billed and collected by Denton County Tax Assessor Collector. For the year ended September 30, 2021, the tax rate was \$0.378193 per \$100 assessed valuation.

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds. At September 30, 2021, there was a “due from other funds” of \$203,116 on the Tax Increment Reinvestment Zone, and the corresponding “due to other funds” of \$203,116 on the General Fund, Debt Service Fund, and Wastewater Development Fund.

NOTE G – GENERAL FIXED ASSETS

Capital assets used in governmental fund type operations are accounted for in the statement of net position, rather than in governmental funds. Public domain "infrastructure" general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, were capitalized prospectively starting in fiscal year 2003. The most notable capital additions in FY21 were the street improvements construction-in-progress.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE G – GENERAL FIXED ASSETS (CONTINUED)

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2021:

	Balance September 30, 2020 (as restated)	Increases	Decreases	Balance September 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 464,206	\$ 9,040	\$ -	\$ 473,246
Construction in progress	639,367	2,941,080	(631,262)	2,949,185
Total capital assets not being depreciated	<u>1,103,573</u>	<u>2,950,120</u>	<u>(631,262)</u>	<u>3,422,431</u>
Capital assets being depreciated:				
Buildings and improvements	3,999,595	6,913	-	4,006,508
Vehicles and equipment	1,300,325	202,107	-	1,502,432
Infrastructure	22,086,087	624,349	-	22,710,436
Intangibles	720,711	-	-	720,711
Total capital assets being depreciated	<u>28,106,718</u>	<u>833,369</u>	<u>-</u>	<u>28,940,087</u>
Less: accumulated depreciation				
Buildings and improvements	(1,661,376)	(226,763)	-	(1,888,139)
Vehicles and equipment	(925,906)	(125,944)	-	(1,051,850)
Infrastructure	(2,673,893)	(689,018)	-	(3,362,911)
Intangibles	(689,369)	(10,293)	-	(699,662)
Total accumulated depreciation	<u>(5,950,544)</u>	<u>(1,052,018)</u>	<u>-</u>	<u>(7,002,562)</u>
Total capital assets being depreciated, net	<u>22,156,174</u>	<u>(218,649)</u>	<u>-</u>	<u>21,937,525</u>
Total governmental activities, net	<u>\$ 23,259,747</u>	<u>\$ 2,731,471</u>	<u>\$ (631,262)</u>	<u>\$ 25,359,956</u>

Depreciation for general fixed assets is included as an expense for governmental activities on the statement of activities. Depreciation was allocated to each governmental function as follows:

Governmental activities:	
General government	\$ 118,208
Public safety	111,632
Public works	822,178
Total governmental depreciation expense	<u>\$ 1,052,018</u>

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The FY21 proprietary capital additions were related to the addition highway 377 utility relocation construction-in-progress.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT (CONT.)

The following is a summary of the property, plant and equipment of the proprietary funds for the year ended September 30, 2021:

	Balance September 30, 2020 (as restated)	Increases	Decreases	Balance September 30, 2021
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	\$ 106,190	\$ 392,234	\$ -	\$ 498,424
Total capital assets not being depreciated	<u>106,190</u>	<u>392,234</u>	<u>-</u>	<u>498,424</u>
Capital assets being depreciated:				
Vehicles	13,240	-		13,240
Equipment	332,051	-	-	332,051
Wastewater collection system	10,163,557	72,451	-	10,236,008
Graveyard branch collection system	687,518	-	-	687,518
Intangibles	82,103	-	-	82,103
Total capital assets being depreciated	<u>11,278,469</u>	<u>72,451</u>	<u>-</u>	<u>11,350,920</u>
Less: accumulated depreciation				
Vehicles	(13,240)	-	-	(13,240)
Equipment	(133,821)	(13,705)	-	(147,526)
Wastewater collection system	(1,632,472)	(291,253)	-	(1,923,725)
Graveyard branch collection system	(330,318)	(17,145)	-	(347,463)
Intangibles	(57,843)	(5,293)	-	(63,136)
Total accumulated depreciation	<u>(2,167,694)</u>	<u>(327,396)</u>	<u>-</u>	<u>(2,495,090)</u>
Total capital assets being depreciated, net	<u>9,110,775</u>	<u>(254,945)</u>	<u>-</u>	<u>8,855,830</u>
Total business-type activities, net	<u>\$ 9,216,965</u>	<u>\$ 137,289</u>	<u>\$ -</u>	<u>\$ 9,354,254</u>

NOTE I - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2021:

	Balance September 30, 2020	Increases	Decreases	Balance September 30, 2021	Due Within One Year
Governmental activities:					
CO Series 2019 - Street Improvements	\$ 2,500,000	\$ -	\$ (235,000)	\$ 2,265,000	\$ 245,000
GO Series 2014 - Refunding Bonds	185,000	-	(60,000)	125,000	63,000
GO Series 2019 - Refunding Bonds	825,000	-	(80,000)	745,000	85,000
GO Series 2020 - Refunding Bonds	2,640,000	-	(205,000)	2,435,000	215,000
Unamortized bond premium	74,500	-	(10,500)	64,000	-
Total bonded indebtedness	<u>6,224,500</u>	<u>-</u>	<u>(590,500)</u>	<u>5,634,000</u>	<u>608,000</u>
Compensated absences	135,427	-	(24,076)	111,351	-
Total Governmental Obligations	<u>6,359,927</u>	<u>-</u>	<u>(614,576)</u>	<u>5,745,351</u>	<u>608,000</u>
Business-type activities:					
Notes Payable - City of Denton	28,027	-	(28,027)	-	-
GO Series 2019 - Refunding Bonds	805,000	-	(70,000)	735,000	75,000
CO Series 2020 - Sewer System Improvements	-	1,995,000	-	1,995,000	75,000
Unamortized bond premium	-	65,654	(2,642)	63,012	-
Total bonded indebtedness	<u>833,027</u>	<u>2,060,654</u>	<u>(100,669)</u>	<u>2,793,012</u>	<u>150,000</u>
Compensated absences	1,876	-	-	1,876	-
Total Business-type Obligations	<u>\$ 834,903</u>	<u>\$ 2,060,654</u>	<u>\$ (100,669)</u>	<u>\$ 2,794,888</u>	<u>\$ 150,000</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE I - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

There were no significant contracts or encumbrances at September 30, 2021.

LONG TERM DEBT OF THE GOVERNMENTAL ACTIVITIES

On December 11, 2008, the Town issued Certificates of Obligation in the amount of \$1,010,000 for the purchase of the existing Argyle United Methodist Church with the intended renovation of same for Town Hall. The bonds were issued with a 4.5% rate and mature on September 30, 2029. Payment of the bonds was from the levy and collection of ad valorem tax revenue. The 2008 CO was refunded by the Town on January 3, 2021.

On January 6, 2009 the Town issued Certificates of Obligation in the amount of \$800,000 for the renovation of the Argyle United Methodist Church and Argyle Police Dept. and Court Building. The interest rate on these bonds is 4.98% with a maturity date of September 30, 2030. Payment of the bonds was from the levy and collection of ad valorem tax. The 2009 CO was refunded by the Town on January 3, 2021.

On September 24, 2010, the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2010 in the amount of \$3,650,000 for the use of a comprehensive Town-wide street reconstruction and improvement project. The series 2010 Certificates of Obligation are direct obligations of the Town payable from a combination of ad valorem tax revenues on all taxable property in the Town, and a limited pledge of surplus net revenues of the Town's sewer system.

The 2010 Certificates of Obligation are issued as serial certificates maturing February 15 in each year from 2014 through 2021 and term certificates maturing February 15, 2022, February 15, 2024, February 15, 2026, February 15, 2028 and February 15, 2031. Interest rates on the certificates range from 2.00% to 4.00% and interest is payable February 15 and August 15 until maturity or prior redemption.

The Town reserves the right, at its option, to redeem the 2010 Certificates having stated maturities on and after February 15, 2021, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2021, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. The 2010 CO was refunded by the Town on April 23, 2021.

On June 5, 2014, the Town issued general obligation refunding bonds series 2014 with the original principal amount of \$531,000 to advance refund \$510,000 of certificates of combination tax and revenue certificates of obligation series 2003. The series 2014 obligations carry an interest rate of 2.080%. The Town's obligation under the 2014 long-term contract expires with the retirement of the bonds in the fiscal year ending February 15, 2023. As of September 30, 2021, the principal balance was \$125,000.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE I - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

On January 3, 2021 the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021 in the amount of \$2,665,000. These bonds are for construction and improvement of streets. The bonds were issued with a rate of 3.25% to 5.00% and mature on February 15, 2029. These bonds anticipate transfers from the Street Maintenance Sales Tax Fund to balance the annual debt service. As the intent was road reconstruction, the bonds are amortized over 10 years to model the increased life of the roads which creates a large annual principal payment. The principal balance as of September 30, 2021 was \$2,265,000.

On January 3, 2021, the Town issued General Obligation Refunding Bonds in the amount of \$1,895,000 to refund three separate issues comprised of general long-term debt and wastewater debt. The general debt refunded is as follows: 2008 C.O.'s in the amount of \$1,010,000 for the purchase of a church for the current Town Hall facility and the 2009 C.O.'s. issued to the renovate the church and police department buildings. The total general debt refunding in the amount of \$980,000 were issued with a rate of 3.00% to 4.00% rate and mature on February 15, 2030. The principal balance as of September 30, 2021 was \$745,000.

On April 23, 2021, the Town issued General Obligation Refunding Bonds in the amount of \$2,640,000 to refund the C.O., Series 2010. The general debt refunded in the amount of \$2,590,000 for the comprehensive Town-wide street reconstruction and improvement project. The total general debt refunding in the amount of \$2,640,000 were issued with a rate of 1.89% rate and mature on February 15, 2031. The principal balance as of September 30, 2021 was \$2,435,000.

The principal and interest requirements related to these governmental contractual obligations at September 30, 2021 are as follows:

Governmental activities:

	Principal	Interest	Total
2022	\$ 608,000	\$ 154,822	\$ 762,822
2023	632,000	135,064	767,064
2024	590,000	116,020	706,020
2025	605,000	97,025	702,025
2026	635,000	77,237	712,237
2027 - 2031	2,500,000	124,586	2,624,586
	<u>\$ 5,570,000</u>	<u>\$ 704,753</u>	<u>\$ 6,274,753</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE I - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

The Town was upgraded from a bond rating of AA to AA+ with stable outlook in November 2018 by Standard & Poor's. This upgrade was predicated on fiscal years 2015, 2016, and 2017. It was conducted during the refunding process for General Obligation bonds to lower the Town's debt costs. The upgrade is a positive reflection of the Town's strong financial position resulting from conservative budgeting and management practices, strong ad valorem values, and proximity in the Dallas-Ft. Worth Metroplex.

Town employees earn one to four weeks of vacation leave, based on tenure with the Town. They are able to accrue no more than two times their annual vacation accrual rate. Town employees accumulate sick leave at the rate of one day per month with a maximum accrual of 320 hours. Vacation and compensatory time are paid upon termination of service with the Town; sick pay is not. The accrual of compensated absences for governmental activities at September 30, 2021 was \$111,351.

LONG TERM DEBT OF THE WASTEWATER UTILITY FUNDS

In July 2001, The Town and the City of Denton ("Denton") entered into a contract for Denton to treat wastewater on a wholesale basis for Town. The Town is to comply with all contractual provisions and reimburse Denton for the related costs of the capital improvement. The construction improvement received was valued at \$687,518, and a related note payable of \$687,518 was given to Denton. The note payable to Denton is payable in semi-annual installment payments of \$28,813, including interest at 5.61 %, maturing in January 2021. The City of Denton contractually provides portions of the wastewater collection system and the treatment of the Town's wastewater generally attributed to northern areas of the Town served by public sewer with a few exceptions. The southern and western portion of the Town will be served through a contract with the Trinity River Authority (TRA). The remaining principal balance of Notes Payable – City of Denton at September 30, 2021 was \$0.

On December 11, 2008, the Town issued Certificates of Obligation in the amount of \$565,000 with an interest rate of 4.5% for participation in the first phase of the TRA Wastewater Line. The bonds will be repaid from wastewater rates and will mature on September 30, 2029. The 2008 CO was refunded by the Town on January 3, 2021.

On June 30, 2009, the Town issued Certificates of Obligation in the amount of \$730,000 with an interest rate of 4.75% for participation in the second phase of the TRA Wastewater Line. The bonds will be repaid from wastewater rates and will mature on September 30, 2029. The 2009 CO was refunded by the Town on January 3, 2021.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE I - LONG TERM LIABILITIES AND CONTRACTUAL OBLIGATIONS (CONT.)

On January 3, 2021, the Town issued General Obligation Refunding Bonds in the amount of \$1,895,000 to refund three separate issues comprised of general long-term debt and wastewater debt. The wastewater debt refunded is as follows: 2008 C.O.'s in the amount of \$565,000 for the first phase of the TRA Wastewater Line and the 2009 C.O.'s issued in the amount of \$730,000 for the second phase of the TRA Wastewater Line. The total wastewater debt refunding in the amount of \$915,000 were issued with a rate of 3.00% to 4.00% and mature on February 15, 2030. The remaining principal balance on September 30, 2021 was \$735,000.

On November 15, 2020, the Town issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2020 in the amount of \$1,995,000. The proceeds will be used for constructing improvements and extensions to the Town's sanitary sewer system including the acquisition of land and rights of-way; and (ii) paying legal, fiscal, engineering, and architectural fees in connection with these projects. The bonds were issued with a rate of 2.00% to 2.125% and mature on September 30, 2041. The principal balance as of September 30, 2021 was \$1,995,000.

The following is a summary of the Town's Proprietary Fund long-term future debt service for the fiscal year ended September 30, 2021:

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 150,000	\$ 65,919	\$ 215,919
2023	160,000	61,644	221,644
2024	165,000	56,744	221,744
2025	170,000	51,694	221,694
2026	180,000	46,394	226,394
2027 - 2031	795,000	270,297	1,065,297
2032 - 2036	530,000	86,469	616,469
2037 - 2041	580,000	30,384	610,384
	<u>\$ 2,730,000</u>	<u>\$ 669,544</u>	<u>\$ 3,399,544</u>

NOTE J – RESTRICTED CASH

At September 30, 2021, the balance of the restricted cash accounts in the Wastewater Utility Funds was \$1,283,870.

NOTE K – LITIGATION AND CONTINGENCIES

The Town is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the Town does not expect them to have a materially adverse effect on its Basic Financial Statements.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE L - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disaster. The Town purchases commercial insurance through Texas Municipal League. The Town retains no risk of loss for the following coverage types. The Town accounts for risk management issues in accordance with GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues". Settlement of claims has not exceeded coverage in the past three years.

Type of Coverage

General liability	Errors and Omissions liability
Law enforcement liability	Crime Coverage
Automobile liability	Automobile physical damage
Worker's Compensation	Real and Personal Property

NOTE M – INTERFUND TRANSFERS

Inter-fund transfers are reported in the governmental funds and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate. Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, (3) reimburse one fund for services provided to another fund, and (4) move unrestricted General Fund revenues to Capital Improvements Fund as determined by the Council for capital projects. Interfund transfers between the primary government's funds consisted of:

<u>Primary Government</u>	<u>Transfers To Funds</u>	<u>Transfers From Funds</u>
100 General Fund		
Economic Development Corporation	\$ -	\$ 23,000
Crime Control Prevention District	-	71,000
Capital Improvements Fund	600,000	-
Street Maintenance Fund	-	55,000
Tax Increment Reinvestment Zone (TIRZ)	55,492	-
203 Tax Increment Reinvestment Zone (TIRZ)		
General Fund	-	55,492
Debt Service Fund	-	9,500
Wastewater Development Fund	-	412,040
210 Economic Development Corporation		
General Fund	23,000	-
Economic Development Corporation	1,692,824	-
215 Municipal Development District		
Economic Development Corporation	-	1,692,824
220 Crime Control Prevention District		
General Fund	71,000	-
230 Street Maintenance Fund		
General Fund	55,000	-
Debt Service Fund	40,007	-
310 Capital Improvements Fund		
General Fund	-	600,000
410 Debt Service Fund		
Street Maintenance Fund	-	40,007
Tax Increment Reinvestment Zone (TIRZ)	9,500	-
730 Wastewater Development Fund		
Tax Increment Reinvestment Zone (TIRZ)	412,040	-
Total	\$ 2,958,863	\$ 2,958,863

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE N – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

NOTE N – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Plan provisions for the Town were as follows:

	<u>Plan Year 2020</u>
Employee deposit rate	7%
Matching ratio (Town to Employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity to Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	No
Supplemental Death Benefit to Retirees	No

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE N – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	30
Active employees	<u>32</u>
Total	<u>80</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 12.88% and 13.42% in calendar years 2021 and 2020, respectively. The Town’s contributions to TMRS for the year ended September 30, 2021 and 2020, were \$248,477 and \$223,089, respectively, which were equal to the required contributions.

Net Pension Liability

The Town’s Net Pension Liability (NPL) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE N – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2020 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2020 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE N – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability

Changes in the net pension liability for the Town are summarized in the following table:

	Changes in the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	\$ 6,009,359	\$ 5,872,579	\$ 136,780
Changes for the year:			
Service cost	378,610	-	378,610
Interest	413,709	-	413,709
Difference between expected and actual experience	(86,274)	-	(86,274)
Contributions - employer	-	298,987	(298,987)
Contributions - employee	-	139,709	(139,709)
Net investment income	-	446,609	(446,609)
Benefit payments, including refunds of employee contributions	(139,274)	(139,274)	-
Administrative expense	-	(2,884)	2,884
Other changes	-	(113)	113
Net changes	<u>566,771</u>	<u>743,034</u>	<u>(176,263)</u>
Balance at 12/31/2020	<u>\$ 6,576,130</u>	<u>\$ 6,615,613</u>	<u>\$ (39,485)</u>

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE N – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	\$ 1,002,430	\$ (39,483)	\$ (876,782)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2021, the Town recognized pension expense of \$83,939 and the calculation of the expense is summarized in the following table:

Schedule of Pension Expense	
Total service cost	\$ 378,610
Interest on the total pension liability	413,709
Changes in current period benefits	-
Employee contributions (reduction of expense)	(139,709)
Projected earnings on plan investments (reduction of expense)	(396,399)
Administrative expense	2,884
Other changes in fiduciary net position	113
Recognition of current year outflow (inflow) of resources - liabilities	(28,011)
Recognition of current year outflow (inflow) of resources - assets	(10,042)
Amortization of prior year outflows (inflows) of resources - liabilities	(89,733)
Amortization of prior year outflows (inflows) of resources - assets	(47,483)
Total pension expense	\$ 83,939

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE N – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At September 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Schedule of Deferred Outflows and Inflows of Resources	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (162,981)
Changes in actuarial assumptions	-	(1,704)
Difference between projected and actual investment earnings	-	(142,306)
Contributions subsequent to the measurement date	248,477	-
Total	\$ 248,477	\$ (306,991)

\$248,477 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Amount
2020	\$ (157,894)
2021	(41,475)
2022	(97,580)
2023	(10,042)
2024	-
Thereafter	-
Total	\$ (306,991)

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE O – PUBLIC IMPROVEMENT DISTRICTS

The Town currently has two public improvement districts (PIDs). Both PID's established by the Town state the "Owner proposes that no portion of the Authorized Improvements Cost shall be apportioned to the Town; consequently, no Town property will be assessed, and the Town will not be obligated to pay any assessments levied against the Property or to pay debt service on any revenue bonds secured by assessments levied against the Property." The Town has engaged a PID Administrator for both PIDs identified below. All assessments paid, whether in full or annually with homeowner's property tax bill, flow through an account at the Town and are wired to the respective trustee hired to administer the bonds.

The Highlands of Argyle Public Improvement District No. 1 (the "Highlands PID")

On April 26, 2016, the Town passed and approved Resolution No. 2016-07 authorizing the establishment of the Highlands PID in accordance with Chapter 372, Texas Local Government Code, as amended, which authorization was effective upon publication as required by the act. The purpose of the PID is to finance the actual costs of authorized improvements that confer a special benefit on approximately 111.41 acres within the corporate limits of the Town: (1) just southwest of the Old Town area; (2) south of Old Justin Road; (3) West of U.S. Highway 377 along and adjacent to the Texas & Pacific Railroad Company; and (4) north of Harpole. The property is zoned under Ordinance No. 2015-21 adopted by the Town Council on September 22, 2015, which ordinance establishes the permitted uses of, and standards for the development of, the property.

The Waterbrook of Argyle Public Improvement District (the "Waterbrook PID")

On August 23, 2016, the Town passed and approved Resolution No. 2016-22 authorizing the establishment of the Waterbrook PID in accordance with Chapter 372, Texas Local Government Code, as amended, which authorization was effective upon publication as required by the act. The purpose of the Waterbrook PID is to finance the actual costs of authorized improvements that confer a special benefit on approximately 101.350 acres within the corporate limits of the Town, located on the southeast corner of Farm to Market Road 407; along and adjacent to U.S. Highway 377; and North of Frenchtown Road. The property is zoned under Ordinance No. 2016-08 adopted by the Town Council on April 23, 2016, which ordinance establishes the permitted uses of, and standards for the development of, the property.

The PIDs each have their own financial statements separate from the Town that reflect the PID activities and related issuance and subsequent bond payments, special property assessments, developer reimbursements, and administrative costs. The Highlands PID and the Waterbrook PID financial statements may be available, upon request, at the completion of their audits, upon approval.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE P – TAX INCREMENT REINVESTMENT ZONE

Tax Increment Reinvestment Zone (TIRZ) are special zone(s) created by the Town Council under the Texas Tax Code Chapter 311 (Tax Increment Financing Act). A TIRZ is used to finance public improvements within a defined area. These improvements are intended to promote development or redevelopment in the defined area and surrounding areas. Taxes attributable to new improvements (tax increments) are set aside in a special revenue fund to finance public improvements with the boundaries of the zone.

The Argyle Tax Increment Reinvestment Zone No. 1 Board (the “Waterbrook TIRZ”) was created by the Town Council on September 27, 2016 through the adoption of Ordinance No. 2016-18. On August 9, 2016, the Council approved the Development Agreement between the Town of Argyle and Terra Manna, LLC for the Waterbrook Development located on the Southeast corner of FM 407 and US 377. The development agreement included components related to the creation of the Waterbrook PID, as well as the creation of a TIRZ which will be used to buy down the PID assessment on the project and reimburse eligible developer costs.

A portion of the real property ad valorem taxes levied by participating taxing entities and a portion of sales taxes collected in Waterbrook TIRZ are set aside for this purpose beginning with taxes levied after January 1, 2017 tax levies. The amount set aside out of the annually adopted tax levy, is based upon the appraised value each January 1st compared to the base year appraised value of property in the TIRZ as of January 1, 2016 (tax increment).

The Town engaged a TIRZ Administrator in June 2021. On March 24, 2021, the TIRZ Administrator conducted a review in coordination with the Denton County GIS/Mapping Coordinator to determine the values of the Waterbrook TIRZ since its creation. The values are summarized below: The values are summarized below:

		Reinvestment Zone No. 1, Town of Argyle, Texas		
Calendar Year	\$ Deposited to TIRZ Fund by September 31,	Assessed/ Taxable Value	Incremental Assessed/ Taxable Value	Town Sales Tax Collected in Zone
Base 2016	2017	\$ 489,394	\$ -	\$ -
1 2017	2018	\$ 22,100,384	\$ 21,610,990	\$ -
2 2018	2019	\$ 8,686,722	\$ 8,197,328	\$ -
3 2019*	2020	\$ 24,524,050	\$ 24,034,656	\$ -

Notes:

* Anticipated to be funded by September 31, 2020.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE P – TAX INCREMENT REINVESTMENT ZONE (CONTINUED)

The County agreed to deposit 50% of the County’s Tax Increment each year, and the Town agreed to deposit 40% of the Town’s Tax Increment and 50% of the Town’s \$0.01 sales tax collected in the Zone each year. There has been no sales tax component as there is no commercial building to date. The Town’s property tax portion to date total \$85,610 (\$20,784 from the I&S Fund and \$64,826 from the M&O Fund). The Town of Argyle has billed the County for their portion. The Town accounts for the TIRZ as a *Special Revenue Fund*.

The funds generated within the boundary are used as follows:

From the County increment: Administration and creation costs for the Waterbrook TIRZ; reimbursement to the developer for approximately \$2.3 million in sewer collection system facilities and farm to market deceleration lanes; and to pay interest on the obligation of the sewer facilities and deceleration lanes.

From the Town increment: Administration and creation costs for the Waterbrook TIRZ; to fund a reserve for the Commercial PID Credit; to fund a set amount to the Commercial Credit after Development Agreement thresholds are met; to reimburse the Developer for certain costs from Sales Tax revenues produced within the boundary.

NOTE Q - FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has two fiduciary funds: Highlands PID Agency Fund and Waterbrook PID Agency Fund. As of September 30, 2021, the Fiduciary funds have no fund balances as monies are periodically transferred to clear the fund.

NOTE R - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended September 30, 2021, the Town accepted the donated assets from the Waterbrook PID. The beginning balance of the net capital assets was increased by \$6,597,128 for the Governmental Activities and \$3,821,219 for the Business-type Activities.

The beginning balance of the General Fund and Wastewater Utility Funds was decreased by \$41,996 and \$2,157 due to the FY20 payroll accruals.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2021

NOTE S - SUBSEQUENT EVENTS

The ongoing global pandemic resulting from the outbreak of the coronavirus (COVID-19) may disrupt the Town's operations. As the Town cannot predict the duration or scope of the COVID-19 pandemic, the positive or negative financial impact to our results cannot be reasonably estimated but could be material.

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through May 10, 2022, the date the financial statements were available to be issued.



Required Supplementary Information

For the fiscal year ended
September 30, 2021



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Town of Argyle, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2021

	2016	2017	2018	2019	2020
A. Total pension liability					
Service cost	\$ 256,946	\$ 285,184	\$ 335,209	\$ 363,721	\$ 378,610
Interest	290,933	325,060	360,188	387,971	413,709
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(5,180)	28,922	(76,452)	(207,859)	(86,274)
Changes of assumptions	-	-	-	(4,544)	-
Benefit payments, including refunds of employee contributions	(66,492)	(35,956)	(251,592)	(191,590)	(139,274)
Net Change in Total Pension Liability	476,207	603,210	367,353	347,699	566,771
Total Pension Liability - Beginning	4,214,890	4,691,097	5,294,307	5,661,660	6,009,359
Total Pension Liability - Ending (a)	\$ 4,691,097	\$ 5,294,307	\$ 5,661,660	\$ 6,009,359	\$ 6,576,130
B. Plan Fiduciary Net Position					
Contributions - employer	\$ 310,701	\$ 236,183	\$ 275,179	\$ 293,760	\$ 298,987
Contributions - employee	98,393	110,292	128,503	137,179	139,709
Net investment income	232,884	557,079	(146,428)	756,002	446,609
Benefit payments, including refunds of employee contributions	(66,492)	(35,956)	(251,592)	(191,590)	(139,274)
Administrative expense	(2,627)	(2,883)	(2,825)	(4,264)	(2,884)
Other changes	(142)	(146)	(148)	(128)	(113)
Net Change in Plan Fiduciary Net Position	572,717	864,569	2,691	990,961	743,036
Plan Fiduciary Net Position - Beginning	3,441,644	4,014,361	4,878,929	4,881,620	5,872,581
Plan Fiduciary Net Position - Ending (b)	4,014,361	4,878,930	4,881,620	5,872,581	6,615,613
C. Net Pension Liability - Ending (a) - (b)	\$ 676,736	\$ 415,377	\$ 780,040	\$ 136,778	\$ (39,483)
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.57%	92.15%	86.22%	97.72%	100.60%
E. Covered Employee Payroll	\$ 1,405,610	\$ 1,575,602	\$ 1,835,755	\$ 1,959,706	\$ 1,995,838
F. Net Pension Liability as a Percentage of Covered Employee Payroll	48.15%	26.36%	42.49%	6.98%	-1.98%

Town of Argyle, Texas
Required Supplementary Information
Schedule of Contributions
September 30, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	202,634	206,003	218,375	251,203	257,628	274,441	291,339
Contributions in relation to the actuarially determined contribution	(211,599)	(209,784)	(227,158)	(274,007)	(256,355)	(278,313)	(295,639)
Contribution deficiency (excess)	(8,965)	(3,780)	(8,783)	(22,804)	1,273	(3,873)	(4,300)
Covered employee payroll	1,371,849	1,396,073	1,515,399	1,827,930	1,835,755	1,959,706	1,995,838
Contributions as a percentage of covered employee payroll	14.77%	14.76%	14.41%	13.74%	14.03%	14.00%	14.60%

Notes to Schedule of Contributions

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

**TOWN OF ARGYLE, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

BUDGETARY INFORMATION

The Town follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The Town Administrator submits to the Town Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. Prior to October 1, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
3. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring Town Council action – appropriation of fund balance reserves; transfers of appropriations between funds; new inter-fund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the Town Administrator – appropriation balances from an expenditure account to another within a single fund.
4. Annual budgets are legally adopted and amended as required for the general, special revenue and debt service funds. Project length budgets are adopted for the capital projects funds. All budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the proprietary funds annually only as a management tool. There are no legally mandated budgetary constraints for the proprietary funds.
5. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
6. The appropriated budget is prepared by fund, function and department. The Town's management may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the Town Council. The legal level of budgetary control is the fund level.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be re-appropriated and honored during the subsequent year.



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Combining Nonmajor Fund Financial Statements

For the fiscal year ended
September 30, 2021



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Town of Argyle, Texas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2021

	Special Revenue Funds									Capital Projects	Total
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund	Police Donations Fund	Senior Citizens Organization Fund	Building Maintenance Fund	Tax Increment Reinvestment Zone (TIRZ)	Equipment Replacement Fund	Nonmajor Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 11,102	\$ 32,268	\$ 298,408	\$ 313,266	\$ 7,582	\$ 17,080	\$ 4,683	\$ 28,002	\$ 365	\$ 192,956	\$ 905,712
Due from other funds	-	-	-	-	-	-	-	203,116	-	-	203,116
Total assets	<u>11,102</u>	<u>32,268</u>	<u>298,408</u>	<u>313,266</u>	<u>7,582</u>	<u>17,080</u>	<u>4,683</u>	<u>28,002</u>	<u>203,481</u>	<u>192,956</u>	<u>1,108,828</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	-	-	2,052	-	-	240	-	-	415,828	-	418,120
Total liabilities	<u>-</u>	<u>-</u>	<u>2,052</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>415,828</u>	<u>-</u>	<u>418,120</u>
Fund balances:											
Assigned to:											
Municipal court	11,102	32,268	-	-	-	-	-	-	-	-	43,370
Community projects	-	-	296,356	313,266	-	-	4,683	-	-	-	614,305
Police	-	-	-	-	7,582	16,840	-	-	-	-	24,422
Building maintenance	-	-	-	-	-	-	28,002	-	-	-	28,002
Equipment replacement	-	-	-	-	-	-	-	-	192,956	-	192,956
TIRZ	-	-	-	-	-	-	-	(212,347)	-	-	(212,347)
Total fund balances	<u>11,102</u>	<u>32,268</u>	<u>296,356</u>	<u>313,266</u>	<u>7,582</u>	<u>16,840</u>	<u>4,683</u>	<u>28,002</u>	<u>(212,347)</u>	<u>192,956</u>	<u>690,708</u>
Total liabilities and fund balances	<u>\$ 11,102</u>	<u>\$ 32,268</u>	<u>\$ 298,408</u>	<u>\$ 313,266</u>	<u>\$ 7,582</u>	<u>\$ 17,080</u>	<u>\$ 4,683</u>	<u>\$ 28,002</u>	<u>\$ 203,481</u>	<u>\$ 192,956</u>	<u>\$ 1,108,828</u>

Town of Argyle, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue Funds								Capital Projects	Total	
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund	Police Donations Fund	Senior Citizens Organization Fund	Building Maintenance Fund	Tax Increment Reinvestment Zone (TIRZ)	Equipment Replacement Fund	Nonmajor Governmental Funds
REVENUES											
Court technology and security fees	\$ 8,579	\$ 10,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,805
Park development fees	-	-	154,385	-	-	-	-	-	-	-	154,385
Tree reforestation fees	-	-	-	92,707	-	-	-	-	-	-	92,707
Contributions	-	-	-	-	1,185	4,154	-	-	-	-	5,339
Interest	11	112	427	532	20	49	12	67	289	528	2,047
	<u>8,590</u>	<u>10,338</u>	<u>154,812</u>	<u>93,239</u>	<u>1,205</u>	<u>4,203</u>	<u>12</u>	<u>67</u>	<u>289</u>	<u>528</u>	<u>273,283</u>
EXPENDITURES											
Current:											
General government	-	-	4,668	3,010	-	-	793	-	837,369	-	845,840
Municipal court	5,616	23,973	-	-	-	-	-	-	-	-	29,589
Public safety	-	-	-	-	1,080	4,675	-	-	-	-	5,755
Capital outlay:											
Public safety	-	-	-	-	-	-	-	-	-	88,511	88,511
Total expenditures	5,616	23,973	4,668	3,010	1,080	4,675	793	-	837,369	88,511	969,695
Excess (deficiency) of revenues over (under) expenditures	2,974	(13,635)	150,144	90,229	125	(472)	(781)	67	(837,080)	(87,983)	(696,412)
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	477,032	-	477,032
Total other financing sources and uses	-	-	-	-	-	-	-	-	477,032	-	477,032
Net change in fund balances	2,974	(13,635)	150,144	90,229	125	(472)	(781)	67	(360,048)	(87,983)	(219,380)
Fund balances - beginning	8,128	45,903	146,212	223,037	7,457	17,312	5,464	27,935	147,701	280,939	910,088
Fund balances - ending	<u>\$ 11,102</u>	<u>\$ 32,268</u>	<u>\$ 296,356</u>	<u>\$ 313,266</u>	<u>\$ 7,582</u>	<u>\$ 16,840</u>	<u>\$ 4,683</u>	<u>\$ 28,002</u>	<u>\$ (212,347)</u>	<u>\$ 192,956</u>	<u>\$ 690,708</u>



Budgetary Comparison Information

For the fiscal year ended
September 30, 2021



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Town of Argyle, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 2,406,771	\$ 2,406,771	\$ 2,419,160	\$ 12,389
Sales and beverage	784,500	784,500	1,135,585	351,085
Franchise	423,454	423,454	383,904	(39,550)
Municipal court fines	215,000	215,000	290,373	75,373
Building permits and fees	610,921	610,921	1,118,369	507,448
Interest	-	-	26,355	26,355
Miscellaneous	72,150	72,150	543,504	471,354
Total revenues	<u>4,512,796</u>	<u>4,512,796</u>	<u>5,917,250</u>	<u>1,404,454</u>
EXPENDITURES				
Current:				
General government	1,245,938	1,245,938	1,224,400	21,538
Municipal court	121,805	121,805	117,631	4,174
Public safety	1,783,384	1,783,384	1,592,603	190,781
Public works	734,489	734,489	545,391	189,098
Development services	596,333	596,333	862,047	(265,714)
Capital outlay:				
General government	-	-	39,960	(39,960)
Total expenditures	<u>4,481,949</u>	<u>4,481,949</u>	<u>4,382,032</u>	<u>99,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,847</u>	<u>30,847</u>	<u>1,535,218</u>	<u>1,504,371</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	173,671	173,671	149,000	(24,671)
Transfers out	<u>(55,492)</u>	<u>(55,492)</u>	<u>(655,592)</u>	<u>(600,100)</u>
Total other financing sources and uses	<u>118,179</u>	<u>118,179</u>	<u>(506,592)</u>	<u>(624,771)</u>
Net change in fund balances	149,026	149,026	1,028,626	879,600
Fund balances - beginning	3,238,631	3,238,631	3,238,631	-
Prior period adjustments	<u>(41,996)</u>	<u>(41,996)</u>	<u>(41,996)</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,345,661</u>	<u>\$ 3,345,661</u>	<u>\$ 4,225,261</u>	<u>\$ 879,600</u>

Town of Argyle, Texas
Street Maintenance Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 400,224	\$ 400,224	\$ 563,679	\$ 163,455
Interest	13,000	13,000	3,128	(9,872)
Total revenues	<u>413,224</u>	<u>413,224</u>	<u>566,807</u>	<u>153,583</u>
EXPENDITURES				
Current:				
Public works	15,000	15,000	4,050	10,950
Capital outlay:				
Public works	97,671	97,671	27,125	70,546
Total expenditures	<u>112,671</u>	<u>112,671</u>	<u>31,175</u>	<u>81,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>300,553</u>	<u>300,553</u>	<u>535,632</u>	<u>235,079</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(95,007)	(95,007)	(95,007)	-
Total other financing sources and uses	<u>(95,007)</u>	<u>(95,007)</u>	<u>(95,007)</u>	<u>-</u>
Net change in fund balances	205,546	205,546	440,625	235,079
Fund balances - beginning	1,192,594	1,192,594	1,192,594	-
Fund balances - ending	<u>\$ 1,398,140</u>	<u>\$ 1,398,140</u>	<u>\$ 1,633,219</u>	<u>\$ 235,079</u>

Town of Argyle, Texas
Economic Development Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 185,000	\$ 185,000	\$ 136,301	\$ (48,699)
Interest	24,369	24,369	2,579	(21,790)
Total revenues	<u>209,369</u>	<u>209,369</u>	<u>138,880</u>	<u>(70,489)</u>
EXPENDITURES				
Current:				
Development services	209,821	209,821	40,275	169,546
Capital outlay:				
Development services	100,000	100,000	45,500	54,500
Total expenditures	<u>309,821</u>	<u>309,821</u>	<u>85,775</u>	<u>224,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,452)</u>	<u>(100,452)</u>	<u>53,105</u>	<u>153,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,715,724)	(1,715,724)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(1,715,724)</u>	<u>(1,715,724)</u>
Net change in fund balances	(100,452)	(100,452)	(1,662,619)	(1,562,167)
Fund balances - beginning	1,685,253	1,685,253	1,685,253	-
Fund balances - ending	<u>\$ 1,584,801</u>	<u>\$ 1,584,801</u>	<u>\$ 22,634</u>	<u>\$ (1,562,167)</u>

Town of Argyle, Texas
Municipal Development District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 170,755	\$ 170,755	\$ 140,241	\$ (30,514)
Interest	10,000	10,000	1,220	(8,780)
Total revenues	<u>180,755</u>	<u>180,755</u>	<u>141,461</u>	<u>(39,294)</u>
EXPENDITURES				
Current:				
Development services	149,775	149,775	25,090	124,685
Capital outlay:				
Development services	100,000	100,000	19,500	80,500
Total expenditures	<u>249,775</u>	<u>249,775</u>	<u>44,590</u>	<u>205,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,020)</u>	<u>(69,020)</u>	<u>96,871</u>	<u>165,891</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>(23,000)</u>	<u>(23,000)</u>	1,692,824	1,715,824
Total other financing sources and uses	<u>(23,000)</u>	<u>(23,000)</u>	1,692,824	1,715,824
Net change in fund balances	<u>(92,020)</u>	<u>(92,020)</u>	1,789,695	1,881,715
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ (92,020)</u>	<u>\$ (92,020)</u>	<u>\$ 1,789,695</u>	<u>\$ 1,881,715</u>

Town of Argyle, Texas
Crime Control Prevention District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 170,000	\$ 170,000	\$ 280,009	\$ 110,009
Contributions	-	-	6,811	6,811
Interest	4,662	4,662	1,042	(3,620)
Total revenues	<u>174,662</u>	<u>174,662</u>	<u>287,862</u>	<u>113,200</u>
EXPENDITURES				
Current:				
Public safety	25,914	25,914	39,658	(13,744)
Capital outlay:				
Public safety	100,320	100,320	73,636	26,684
Total expenditures	<u>126,234</u>	<u>126,234</u>	<u>113,294</u>	<u>12,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,428</u>	<u>48,428</u>	<u>174,568</u>	<u>126,140</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(71,000)</u>	<u>(71,000)</u>	<u>(71,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(71,000)</u>	<u>(71,000)</u>	<u>(71,000)</u>	<u>-</u>
Net change in fund balances	<u>(22,572)</u>	<u>(22,572)</u>	<u>103,568</u>	<u>126,140</u>
Fund balances - beginning	258,145	258,145	258,145	-
Fund balances - ending	<u>\$ 235,573</u>	<u>\$ 235,573</u>	<u>\$ 361,713</u>	<u>\$ 126,140</u>



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Compliance and Internal Control Section

For the fiscal year ended
September 30, 2021



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Independent Auditor’s 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 Town Council
Town of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Argyle, Texas (the “Town”), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated May 10, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’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 Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’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 entity’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town’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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vail + Park, P.C." The signature is written in a cursive, slightly slanted style.

Richardson, Texas
May 10, 2022



Statistical Section

For the fiscal year ended
September 30, 2021



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TOWN OF ARGYLE, TEXAS
SCHEDULE OF NET POSITION BY COMPONENT
Last Ten Fiscal Years

B-1

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital position	\$ 2,551,181	\$ 2,560,671	\$ 2,416,889	\$ 2,409,501	\$ 5,512,466	\$ 5,654,315	\$ 11,163,507	\$ 9,411,671	\$ 10,438,118	\$ 19,725,955
Restricted	2,157,445	2,083,447	1,435,797	1,530,126	1,897,972	2,637,635	4,036,216	7,219,075	6,826,428	6,386,415
Unrestricted	137,753	544,279	1,671,466	1,390,017	1,827,510	1,996,236	2,179,909	1,683,603	2,273,990	3,079,337
Total governmental activities net assets	\$ 4,846,379	\$ 5,188,397	\$ 5,524,153	\$ 5,329,644	\$ 9,237,948	\$ 10,288,186	\$ 17,379,632	\$ 18,314,349	\$ 19,538,536	\$ 29,191,707
Business-type activities										
Net investment in capital position	\$ 262,016	\$ 265,738	\$ 373,181	\$ 302,909	\$ 1,502,777	\$ 1,415,460	\$ 2,164,751	\$ 4,510,097	\$ 4,562,719	\$ 6,561,242
Restricted	356,510	387,143	510,257	435,256	402,828	395,395	410,396	646,237	884,099	1,283,870
Unrestricted	145,228	149,467	12,528	75,507	221,298	478,541	806,688	1,048,166	1,000,020	2,755,993
Total business-type activities net assets	\$ 763,754	\$ 802,348	\$ 895,966	\$ 813,671	\$ 2,126,904	\$ 2,289,396	\$ 3,381,835	\$ 6,204,500	\$ 6,446,838	\$ 10,601,105
Primary government										
Net investment in capital position	\$ 2,813,197	\$ 2,826,409	\$ 2,790,070	\$ 2,712,410	\$ 7,015,243	\$ 7,069,775	\$ 13,328,258	\$ 13,921,768	\$ 15,000,837	\$ 26,287,197
Restricted	2,513,955	2,470,590	1,946,055	1,965,382	2,300,800	3,033,030	4,446,612	7,865,312	7,710,527	7,670,285
Unrestricted	282,981	693,746	1,682,994	1,465,523	2,048,809	2,474,777	2,986,597	2,731,769	3,274,010	5,835,330
Total primary government net assets	\$ 5,610,133	\$ 5,990,745	\$ 6,420,119	\$ 6,143,315	\$ 11,364,852	\$ 12,577,582	\$ 20,761,467	\$ 24,518,849	\$ 25,985,374	\$ 39,792,812

Expenses	Fiscal Year								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:									
General Government	\$ 754,240	\$ 800,749	\$ 815,471	\$ 991,022	\$ 881,297	\$ 1,060,987	\$ 1,109,901	\$ 1,609,190	\$ 2,132,561
Public Safety	977,878	934,970	1,036,907	859,878	1,084,847	1,384,772	1,517,963	1,655,752	1,618,662
Municipal Court	168,701	125,067	138,908	88,206	90,276	105,139	115,643	117,595	136,705
Public Works	546,050	519,611	664,592	704,603	868,327	1,804,747	1,156,548	1,201,440	1,331,292
Development Services	260,348	291,735	328,032	275,464	338,244	498,067	663,866	677,426	900,614
Interest on Long Term Debt	226,347	216,600	201,061	192,831	185,099	177,996	152,295	265,222	154,933
Bond Issue Costs								62,802	-
Total governmental activities expenses	<u>2,933,564</u>	<u>2,888,732</u>	<u>3,184,972</u>	<u>3,112,005</u>	<u>3,448,091</u>	<u>5,031,708</u>	<u>4,716,216</u>	<u>5,589,427</u>	<u>6,274,767</u>
Business-type activities:									
Wastewater utility	372,228	463,095	484,468	512,434	383,849	402,521	596,995	711,962	990,746
Total business-type activities expenses	<u>372,228</u>	<u>463,095</u>	<u>484,468</u>	<u>512,434</u>	<u>383,849</u>	<u>402,521</u>	<u>596,995</u>	<u>711,962</u>	<u>990,746</u>
Total primary government expenses	<u>\$ 3,305,792</u>	<u>\$ 3,351,827</u>	<u>\$ 3,669,440</u>	<u>\$ 3,624,439</u>	<u>\$ 3,831,939</u>	<u>\$ 5,434,229</u>	<u>\$ 5,313,211</u>	<u>\$ 6,301,389</u>	<u>\$ 7,265,513</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General Government	\$ 9,560	\$ 9,027	9,593	26,827	2,562	541,127	534,491	599,078	1,118,369
Public Safety	16,001	238	1,023	550	664	-	-	-	-
Municipal Court	270,421	135,168	239,813	289,463	309,913	337,811	264,096	211,666	309,178
Public Works	107,550	158,526	96,989	100,503	173,809	44,030	67,025	239,982	247,092
Development Services	284,534	313,151	366,651	307,832	420,272	150,040	265,204	356,377	491,378
Operating grants and contributions	25,807	57,909	55,032	60,187	45,959	14,633	20,716	37,773	12,150
Capital grants and contributions	1,350	11,808	2,878	1,772,418	-	4,724,210	-	-	-
Total governmental activities program revenues	<u>715,223</u>	<u>685,827</u>	<u>771,980</u>	<u>2,557,781</u>	<u>953,177</u>	<u>5,811,851</u>	<u>1,151,532</u>	<u>1,444,876</u>	<u>2,178,167</u>
Business-type activities:									
Charges for services:									
Wastewater utility	307,798	351,202	361,970	404,028	422,141	662,468	1,014,977	827,203	919,842
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	87,306	221,490	48,018	1,103,911	92,374	812,764	2,529,462	240,114	810,092
Total business-type activities program revenues	<u>395,104</u>	<u>572,692</u>	<u>409,989</u>	<u>1,507,939</u>	<u>514,514</u>	<u>1,475,232</u>	<u>3,544,439</u>	<u>1,067,317</u>	<u>1,729,934</u>
Total primary government program revenues	<u>\$ 1,110,327</u>	<u>\$ 1,258,519</u>	<u>\$ 1,181,969</u>	<u>\$ 4,065,719</u>	<u>\$ 1,467,692</u>	<u>\$ 7,287,083</u>	<u>\$ 4,695,971</u>	<u>\$ 2,512,193</u>	<u>\$ 3,908,101</u>
Net (Expense) Revenue									
Governmental Activities	\$ (2,218,341)	\$ (2,202,905)	(2,412,992)	(554,224)	(2,494,913)	780,143	(3,564,684)	(4,144,551)	(4,096,600)
Business-type Activities	22,876	109,597	(74,479)	995,505	130,666	1,072,711	2,947,444	355,355	739,188
Total Primary government net expense	<u>\$ (2,195,465)</u>	<u>\$ (2,093,308)</u>	<u>\$ (2,487,472)</u>	<u>\$ 441,281</u>	<u>\$ (2,364,247)</u>	<u>\$ 1,852,854</u>	<u>\$ (617,240)</u>	<u>\$ (3,789,196)</u>	<u>\$ (3,357,412)</u>
General Revenues									
and Other Changes in Net Position									
Governmental Activities:									
Taxes									
Property Taxes	\$ 1,748,106	\$ 1,665,290	1,708,885	1,838,958	2,079,623	2,252,713	2,531,290	2,681,177	3,057,351
Sales Taxes	357,641	391,252	461,162	498,650	620,659	779,909	1,366,439	1,157,362	1,892,816
Franchise Taxes	329,781	336,248	368,632	388,363	375,826	387,457	392,400	296,761	288,088
Interest	74,933	76,595	40,626	23,370	26,199	46,681	117,016	188,712	43,340
Intergovernmental	-	-	-	-	-	-	500,000	-	957,500
Miscellaneous	25,893	67,974	7,409	457	49,172	29,329	29,202	15,389	543,504
Transfers in (out)	-	23,000	-	28,300	28,300	72,895	-	160,000	412,040
Total Governmental Activities	<u>2,536,354</u>	<u>2,560,359</u>	<u>2,586,714</u>	<u>2,778,097</u>	<u>3,179,778</u>	<u>3,568,984</u>	<u>4,936,347</u>	<u>4,499,401</u>	<u>7,194,639</u>
Business-type Activities:									
Interest Earnings	16,298	15,719	8,424	4,782	5,197	7,993	19,728	35,221	8,057
Transfers in (out)	-	-	-	15,870	54,859	-	-	(160,000)	(412,040)
Total Business-type Activities	<u>16,298</u>	<u>15,719</u>	<u>8,424</u>	<u>20,652</u>	<u>60,056</u>	<u>7,993</u>	<u>19,728</u>	<u>(124,779)</u>	<u>(403,983)</u>
Total Primary Government	<u>\$ 2,552,652</u>	<u>\$ 2,576,078</u>	<u>\$ 2,595,138</u>	<u>\$ 2,798,750</u>	<u>\$ 3,239,834</u>	<u>\$ 3,576,977</u>	<u>\$ 4,956,075</u>	<u>\$ 4,374,622</u>	<u>\$ 6,790,656</u>
Change in Net Position									
Governmental Activities	\$ 318,013	\$ 357,454	\$ 173,722	\$ 2,223,873	\$ 684,865	\$ 4,349,127	\$ 1,371,663	\$ 354,850	\$ 3,098,039
Business-type Activities	39,174	125,316	(66,055)	1,016,158	190,721	1,080,704	2,967,172	230,576	335,205
Total Primary Government	<u>\$ 357,187</u>	<u>\$ 482,770</u>	<u>\$ 107,667</u>	<u>\$ 3,240,031</u>	<u>\$ 875,586</u>	<u>\$ 5,429,831</u>	<u>\$ 4,338,835</u>	<u>\$ 585,426</u>	<u>\$ 3,433,244</u>

TOWN OF ARGYLE, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

B-3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Unassigned	\$ 1,116,794	\$ 1,365,298	\$ 1,680,523	\$1,919,158	\$2,257,770	\$2,421,514	\$2,427,523	\$2,334,528	\$3,238,631	\$4,225,261
Reserved for other *	-	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 1,116,794</u>	<u>\$ 1,365,298</u>	<u>\$ 1,680,523</u>	<u>\$1,919,158</u>	<u>\$2,257,770</u>	<u>\$2,421,514</u>	<u>\$2,427,523</u>	<u>\$2,334,528</u>	<u>\$3,238,631</u>	<u>\$4,225,261</u>
All Other Governmental Funds										
Restricted for:										
Capital Projects	\$ 1,196,647	\$ 947,574	\$ 166,424	\$147,433	\$247,287	\$804,521	\$194,107	\$2,513,326	\$1,949,005	\$0
Debt Service	142,431	124,106	122,312	126,536	158,368	203,279	227,264	240,161	194,146	105,131
Street Maintenance	303,016	305,662	261,292	266,958	301,846	433,253	525,155	845,541	1,192,594	1,633,219
Capital funds	235,915	349,532	512,535	612,663	717,157	897,966	1,064,993	1,311,960	637,197	1,783,315
Economic Development	-	-	-	-	-	-	1,417,534	1,545,186	1,685,253	1,812,329
Assigned to:										
Equipment replacement	31,510	74,911	59,666	34,242	55,798	95,747	117,438	249,625	280,939	192,956
Municipal Court	-	-	-	-	-	-	-	-	-	43,370
Community Projects	-	-	-	-	-	-	-	-	-	614,305
Building Maintenance	-	-	-	-	-	-	-	-	-	28,002
Police	-	-	-	-	-	-	-	-	-	24,422
Crime Control	-	-	-	-	-	-	293,930	232,767	258,145	361,713
TIRZ No. 1	-	-	-	-	-	-	-	12,363	147,701	(212,347)
Unassigned, reported in:										
Special revenue funds	247,926	281,662	313,568	342,295	417,516	202,870	195,795	268,146	481,448	-
Total all other governmental funds	<u>\$ 2,157,445</u>	<u>\$ 2,083,447</u>	<u>\$ 1,435,797</u>	<u>\$1,530,126</u>	<u>\$1,897,972</u>	<u>\$2,637,635</u>	<u>\$4,036,216</u>	<u>\$7,219,075</u>	<u>\$6,826,428</u>	<u>\$6,386,415</u>
Total fund balances	<u>\$ 3,274,239</u>	<u>\$ 3,448,745</u>	<u>\$ 3,116,320</u>	<u>\$ 3,449,284</u>	<u>\$ 4,155,742</u>	<u>\$ 5,059,149</u>	<u>\$ 6,463,739</u>	<u>\$ 9,553,603</u>	<u>\$ 10,065,059</u>	<u>\$ 10,611,676</u>

*Includes prepaid items, inventory and encumbrances

TOWN OF ARGYLE, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

B-4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES:										
General Property Taxes	1,760,989	1,656,152	1,709,472	1,831,513	2,078,389	2,210,993	2,529,268	2,689,109	3,079,983	3,063,946
Sales Tax	357,641	391,252	461,162	498,650	620,659	779,909	1,351,975	1,394,486	1,862,040	2,255,815
Franchise Tax	329,781	336,248	368,632	388,363	375,826	387,457	403,452	389,770	379,701	383,904
Municipal court fines	241,540	270,421	135,168	239,813	289,463	309,913	337,811	264,096	200,059	290,373
Building permits & fees	237,805	284,534	313,151	366,651	307,832	420,272	541,127	534,491	599,078	1,118,369
Court technology and security fees									11,607	18,805
Park development fees	8,299	9,133	24,069	33,999	39,502	35,924	44,030	65,805	72,432	154,385
Tree reforestation fees									167,550	92,707
Development and impact fees	91,606	107,550	158,526	96,989	100,503	173,809	150,040	265,204	356,377	491,378
Contributions	-	-	-	-	-	1,593	14,633	20,716	37,773	12,150
Intergovernmental	15,000	15,000	-	-	-	-	500,000	-	231,220	957,500
Interest	75,280	76,996	39,691	22,206	25,045	45,528	117,016	188,712	131,457	43,340
Miscellaneous	147,430	49,062	34,222	38,019	98,389	32,349	15,152	16,609	8,726	543,504
Total Revenues	<u>3,265,371</u>	<u>3,196,348</u>	<u>3,244,093</u>	<u>3,516,203</u>	<u>3,935,607</u>	<u>4,397,746</u>	<u>6,004,504</u>	<u>5,828,998</u>	<u>7,138,003</u>	<u>9,426,176</u>
EXPENDITURES:										
General Government	808,164	588,284	636,686	791,846	862,148	745,971	933,021	919,358	1,490,572	2,070,240
Municipal Court	148,033	169,281	125,790	95,758	90,757	90,034	107,836	114,723	119,872	147,220
Public Safety	950,366	969,916	861,473	1,028,287	952,918	1,051,060	1,361,263	1,435,526	1,641,321	1,638,016
Public Works	405,289	417,662	397,652	417,235	597,900	643,910	1,527,011	647,241	684,566	549,441
Development Services	238,625	242,235	290,471	341,880	278,259	339,088	507,221	660,702	688,519	927,412
Capital outlay:										
General Government	30,932	-	-	-	-	-	-	-	40,003	39,960
Public Safety	-	26,573	39,809	49,321	-	-	-	160,455	126,741	162,147
Public Works	389,457	182,646	812,642	26,327	-	222,168	936,423	1,137,436	1,136,500	2,885,120
Development Services									17,591	65,000
Debt Service-										
Principal Retirement	200,000	220,000	220,000	257,000	281,000	285,000	424,000	523,000	3,076,000	580,000
Interest and Fiscal Charges	235,610	227,355	219,496	201,100	193,718	185,994	178,096	135,353	297,745	185,047
Paying Agent Fees and Bond Issue Costs	1,100	891	800	2,787	750	4,011	-	-	62,802	-
Total Expenditures	<u>3,407,576</u>	<u>3,044,843</u>	<u>3,604,819</u>	<u>3,211,539</u>	<u>3,257,449</u>	<u>3,567,235</u>	<u>5,974,871</u>	<u>5,733,794</u>	<u>9,382,232</u>	<u>9,249,603</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(142,205)</u>	<u>151,505</u>	<u>(360,726)</u>	<u>304,664</u>	<u>678,158</u>	<u>830,511</u>	<u>29,633</u>	<u>95,204</u>	<u>(2,244,229)</u>	<u>176,573</u>
OTHER FINANCING SOURCES (USES):										
Transfers In (out)	-	23,000	28,300	28,300	28,300	72,895	-	160,000	115,686	412,040
Bond Proceeds	-	-	-	-	-	-	-	2,665,000	2,640,000	-
Refunding bonds issued	-	-	531,000	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(510,000)	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	(21,000)	-	-	-	-	105,000	-	-
Insurance proceeds	-	-	-	-	-	-	-	64,660	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>23,000</u>	<u>28,300</u>	<u>28,300</u>	<u>28,300</u>	<u>72,895</u>	<u>-</u>	<u>2,994,660</u>	<u>2,755,686</u>	<u>412,040</u>
NET CHANGE IN FUND BALANCES	<u>(142,205)</u>	<u>174,505</u>	<u>(332,426)</u>	<u>332,964</u>	<u>706,458</u>	<u>903,407</u>	<u>29,633</u>	<u>3,089,864</u>	<u>511,457</u>	<u>588,613</u>
Debt service as a percentage of noncapital expenditures	14.5%	15.7%	15.8%	14.5%	14.6%	14.2%	12.0%	14.3%	16.9%	14.3%

TOWN OF ARGYLE, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

C-1

Fiscal Year Ended Sept. 30,	Estimated Market Value		Less:	Total Taxable	Total Direct
	Real Property	Personal Property	Tax-Exempt Property	Assesed Value	Tax Rate
2010	575,633,918	12,656,471	\$ (186,951,493)	\$ 401,338,896	0.38500
2011	580,259,623	44,130,363	\$ (186,901,969)	\$ 437,488,017	0.39750
2012	571,025,126	23,637,149	\$ (179,097,662)	\$ 415,564,613	0.39750
2013	581,057,492	21,009,569	\$ (180,780,230)	\$ 421,286,831	0.39750
2014	615,425,225	24,525,946	\$ (185,859,233)	\$ 454,091,938	0.39750
2015	693,896,627	18,957,985	\$ (204,599,343)	\$ 508,255,269	0.39750
2016	752,600,191	16,731,535	\$ (234,750,736)	\$ 534,580,990	0.39750
2017	859,238,792	25,376,149	\$ (265,181,610)	\$ 619,433,331	0.39750
2018	937,110,132	27,296,385	\$ (289,997,239)	\$ 674,409,278	0.39750
2019	1,018,124,893	25,130,610	\$ (298,026,581)	\$ 745,228,922	0.39750
2020	1,108,722,796	28,638,589	\$ (325,883,352)	\$ 811,478,033	0.39750
2021	1,220,202,315	32,354,989	\$ (339,299,930)	\$ 913,257,374	0.37048

Source: Town Finance Department

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Eleven Fiscal Years (dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligations	Total		
2011	225,000	6,065,000	6,290,000	1.44%	1,917
2012	115,000	5,975,000	6,090,000	1.47%	1,818
2013	-	5,870,000	5,870,000	1.39%	1,716
2014	531,000	5,140,000	5,671,000	1.25%	1,620
2015	474,000	4,940,000	5,414,000	1.07%	1,428
2016	418,000	4,715,000	5,133,000	0.96%	1,344
2017	363,000	4,485,000	4,848,000	0.78%	1,237
2018	304,000	4,120,000	4,424,000	0.66%	1,095
2019	1,151,000	5,435,000	6,586,000	0.91%	1,579
2020	3,650,000	2,500,000	6,150,000	0.76%	1,427
2021	3,305,000	4,260,000	7,565,000	0.83%	1,639

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

(1) See Exhibit C-1 for property value data.