

TOWN OF ARGYLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2018

PREPARED BY KIM COLLINS, DIRECTOR OF FINANCE



Donald Moser
Mayor

Kristi Gilbert
Town Manager

Kim Collins
Director of Finance



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Town of Argyle, Texas
Comprehensive Annual Financial Report
For the year ended September 30, 2018

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Introductory Section

For the fiscal year ended
September 30, 2018



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February 14, 2019

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

Chapter 103 of the Texas Local Government Code requires that 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, 2018 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 that 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 M. Vail & Associates, PC, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2018, 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 that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2018 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 that management 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 designated as 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 4,040, 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, which consists 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 Manager, and Town Secretary.

The Town Manager 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 Manager, along with the Director of Community Development, also administers the Argyle Economic Development Corporation.

The Town has adopted a Comprehensive Land Use Plan and Zoning Ordinance, and thus appoints a Planning and Zoning Commission that carries out the statutory duties set forth in the Texas Local Government Code. The Town's Director of Community Development administers the Planning and Zoning Commission and 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 Type B Economic Development Corporation, 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 an Economic Development Corporation Board of Directors and a Crime Control and Prevention District (CCPD) Board of Directors for the purpose of administering these programs. The CCPD is administered by the Chief of Police.

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, although no billing has occurred to date. The Town contracts with both the Trinity River Authority and the City of Denton for wastewater treatment and collection services.

Economic Conditions and Outlook

As the regional economy continues to grow, business activity and development interest in the Town continues 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. AISD has won seven consecutive Lone Star Cups and nine overall, making them the consistent number one 4A school district in Texas. Liberty Christian Schools, also located in Argyle, has been awarded the Overall State Championship by the Texas Association of Private and Parochial Schools (TAPPS) ten of the last 13 years. Both schools continue to attract residents to the Town.

Residential building permit activity remains steady. In 2018, 49 permits were issued, compared with 40 permits issued in 2017 and 37 permits issued in 2016. Staff anticipates an upsurge in building permit activity in 2019 as several new developments begin new home construction. Although we do expect building permit numbers to increase, staff will take a conservative approach to determine future permit activity until absorption rates for the new developments can be accounted for. With that said, construction has begun on the Waterbrook development which will consist of 290 single-family lots at build out and approximately 200,000 square feet of commercial and retail space at the southeast corner of FM 407 and US 377. Staff anticipates to start seeing building permits in the spring of 2019. The Lakes of Argyle infrastructure was accepted in the summer of 2018, which represents 139 single-family residential lots at build-out. Staff anticipates issuing building permits for The Lakes of Argyle, 5T Ranch Phases I and II and The Oaks subdivision through 2019.

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 3,000-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 206 single-family lots, has completed the first phase of construction and single-family homes are already under construction. Canyon Falls, another 3,000-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 2019.

Local option sales and use tax revenue continues to exceed budget projections. The Fiscal Year 2017 saw the opening of a new restaurant and the CVS Pharmacy which resulted in a boost to sales tax revenue. In 2018 we welcomed the opening of the first commercial development along our I-35W corridor being a 50,000 square foot corporate headquarters and distribution center for GameGuard Outdoors.

The construction of the S-1 Sanitary Sewer line and Lift Station project will be complete the spring of 2019. Additionally, the Town issued debt for an extensive road improvement project that is planned to be sent to bid in late summer 2019.

Budget

The Fiscal Year (FY) 2018 adopted General Fund expenditures dropped 4.2% over FY 2017. This drop is primarily explained by a \$500,000 transfer to the Capital Improvement Program Fund (CIP) in the FY2017 budget for the Town's matching portion of the grant awarded by the Texas Parks and Wildlife Fund for the park construction. When the effect of this transfer is removed, the increase is 11.2% over FY 2017. Some of the increase is a result of staffing changes. The Town created a full-time code enforcement position to help maintain development and neighborhood standards throughout the Town. Municipal Court added a part-time position to help with increased workloads. All employees were eligible for up to 3% merit adjustments 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 transitioned to an IT contract for the maintenance of work stations and servers. We continued the transfer to the Equipment Replacement Fund. FY 2018 revenues were budgeted to out-pace FY 2017 by 11.4%. The components of this increase are primarily higher Ad Valorem revenue, along with some one-time development related inspection fees. There was also a small increase in municipal court revenue. This was the second year of a transfer in from Crime Control Prevention District to help fund officer pay increases. FY 2018 closed the year with 9.9% excess revenue over budget. During the FY 2019 budget process, Council approved additional expenditures from excess FY 2018 fund balance. The most significant item was the purchase of a public works facility to house public works employees, vehicles, machinery and street material. Monies were set aside in the CIP fund for finish out of interior space in FY19. This purchase utilized all excess monies plus some fund balance, basically ending the year with expenditures equal to revenues. The purchase addressed a need that had been recognized for many years and was accelerated by the notice that office space leased from Argyle Water Supply Corporation would have to be vacated by December, 2019. The 2018 (FY 2019 Budget) certified taxable values increased to \$674,093,197 over 2017 taxable values. The 8.83% increase is a combination of new value-added, land value increases of 8.03%, and a 4.56% appreciation in existing home values. The property tax rate adopted for FY 2018 remained \$0.3975 per \$100 of assessed value for the 8th consecutive year.

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 that: (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 that 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 that can be implemented 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 submitted to the Town Secretary 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 Manager 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 that the proposed program of services is presented within total estimated revenue and available beginning revenue sources.

The Town Manager is authorized to transfer budgeted amounts between line items within any fund; however, any revisions that alter 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 that 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 Finance Director 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,


Kristi Gilbert
Town Manager


Kim Collins
Director of Finance

Town of Argyle, Texas

List of Elected and Appointed Officials

September 30, 2018

Elected Officials

Mayor	Donald Moser
Council Member – Place 1	Alex Vukasin
Council Member – Place 2	Ronald Schmidt
Council Member – Place 3	Jon Donahue
Council Member – Place 4	Todd Mankin
Council Member – Place 5	Marla Hawkesworth

Appointed Officials

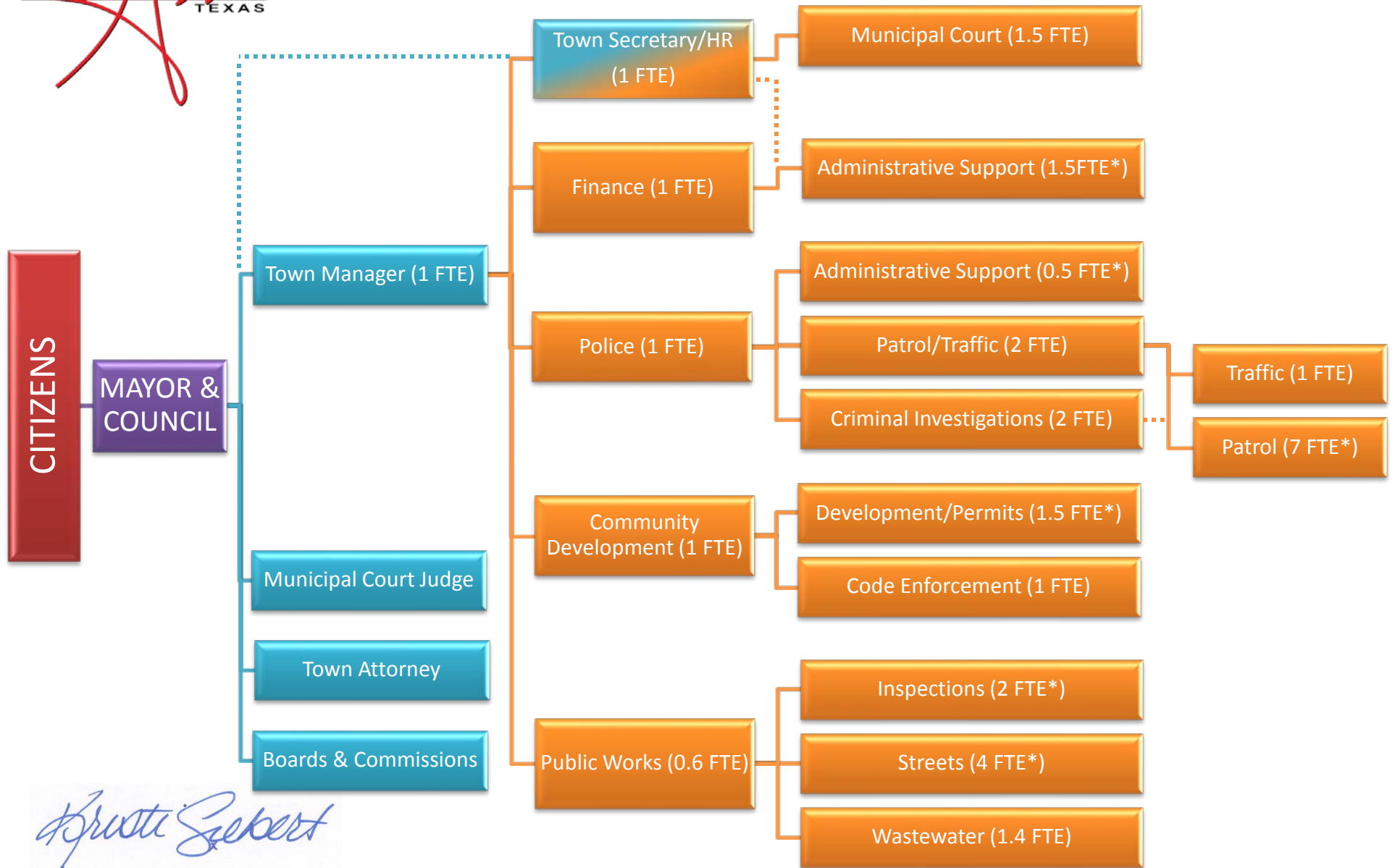
Town Manager	Kristi Gilbert
Town Secretary	Erika McComis

Department Directors

Police Chief	Temple Cottle
Director of Finance	Kim Collins
Director of Community Services	David Hawkins
Public Works Director	Troy Norton
Municipal Court Clerk	Judith Jacinto



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Financial Section

For the fiscal year ended
September 30, 2018



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Report of Independent Auditors

To the Honorable Mayor and 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, the aggregate discretely presented component units, each major fund, and the remaining fund information of the Town of Argyle, Texas (“The Town”) as of and for the year ended September 30, 2018, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2018, 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, and required supplementary information on pages 63-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining fund statements on pages 69-70 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund 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 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 February 19, 2019 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.

M. C. C. & Associates, P.C.

Richardson, Texas
February 19, 2019

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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, 2018. 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 \$20,761,467.
- Unrestricted net position at the close of the fiscal year is \$2,986,597 and may be used to meet the Town's ongoing/unallocated obligations to citizens and creditors.
- The Town's total net position increased by \$6,808,929 as a result of: 1) an increase in net position of \$5,716,490 for the governmental activities and 2) an increase in net position of \$1,092,439 for the business-type activities. The large increase in governmental activities is a combination of significant developer donations in the form of infrastructure as well as the reclassification of the Economic Development Corporation Fund (EDC) and the Crime Control Prevention Fund (CCPD) from discretely presented component units to blended component units. The increase in the business-type funds is primarily due to developer donations in the form of infrastructure.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,463,739, which includes the EDC and CCPD. These funds were previously shown as discretely presented component units. The fund balances increased overall by an amount of \$29,633. Of the total fund balance, \$2,427,523 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 \$2,427,523, or 69.9% of total FY19 General Fund budgeted expenditures.
- The net decrease to the Town's total long term liabilities was \$589,105 (9.3%) during the current fiscal year. This decrease was a result of all scheduled debt obligations being made in full and on time, and includes an additional \$120,000 prepayment of principal.

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.

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

The Statement of Net Position and the Statement of Activities

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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 of 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 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

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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 \$20,666,467 at the end of fiscal year 2018. This represents a large increase over 2017, and is explained by large developer contributions in the form of infrastructure in governmental and business-type funds as well as the reclassification of EDC and CCPD from discretely presented component units to blended component units. Their respective fund balances are reserved for economic development and police.

TABLE I NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 6,907,368	\$ 5,605,064	\$ 1,287,926	\$ 1,021,772	\$ 8,195,294	\$ 6,626,836
Capital assets, net of accumulated depreciation	15,587,507	10,489,315	3,237,445	2,481,813	18,824,952	12,971,127
Total assets	22,494,875	16,094,378	4,525,371	3,503,585	27,020,246	19,597,963
Deferred outflows of resources	230,090	323,731	-	-	230,090	323,731
Current payables & other liabilities	252,317	345,717	70,842	33,347	323,159	379,064
LT bonds and leases payable	4,957,758	5,729,542	1,072,694	1,180,842	6,030,452	6,910,384
Total liabilities	5,210,075	6,075,259	1,143,536	1,214,189	6,353,611	7,289,448
Deferred inflows of resources	135,258	54,666	-	-	135,258	54,666
Net assets						
Net investment in capital position	11,163,507	5,654,315	2,164,751	1,415,460	13,328,258	7,069,775
Restricted net assets						
Debt retirement	227,264	203,279	-	-	227,264	203,279
Capital improvements	1,259,100	804,521	410,396	395,395	1,669,496	1,199,916
Street maintenance	525,155	433,253	-	-	525,155	433,253
Economic development	1,417,534	897,966	-	-	1,417,534	897,966
Other specific purposes	607,163	298,616	-	-	607,163	298,616
Unrestricted	2,179,909	1,996,236	806,688	478,541	2,986,597	2,474,777
Total net position	<u>\$ 17,379,632</u>	<u>\$ 10,288,186</u>	<u>\$ 3,381,835</u>	<u>\$ 2,289,396</u>	<u>\$ 20,761,467</u>	<u>\$ 12,577,582</u>

Sixty four percent (64%) (\$13,328,258 / 20,761,467) of the Town's net position are invested in 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, 2018**

An additional portion of the Town's net position, (21%) (\$4,446,612 / 20,761,467), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted/unallocated net position*, \$2,986,597, may be used to meet the Town's ongoing obligations to citizens and creditors.

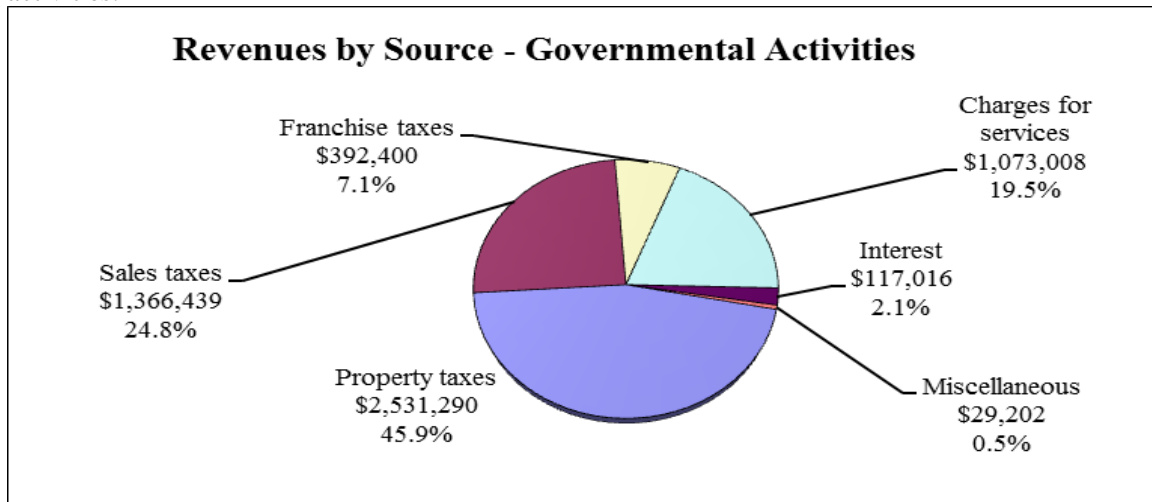
Government-wide Statement of Activities

TABLE II
CHANGES IN NET POSITION

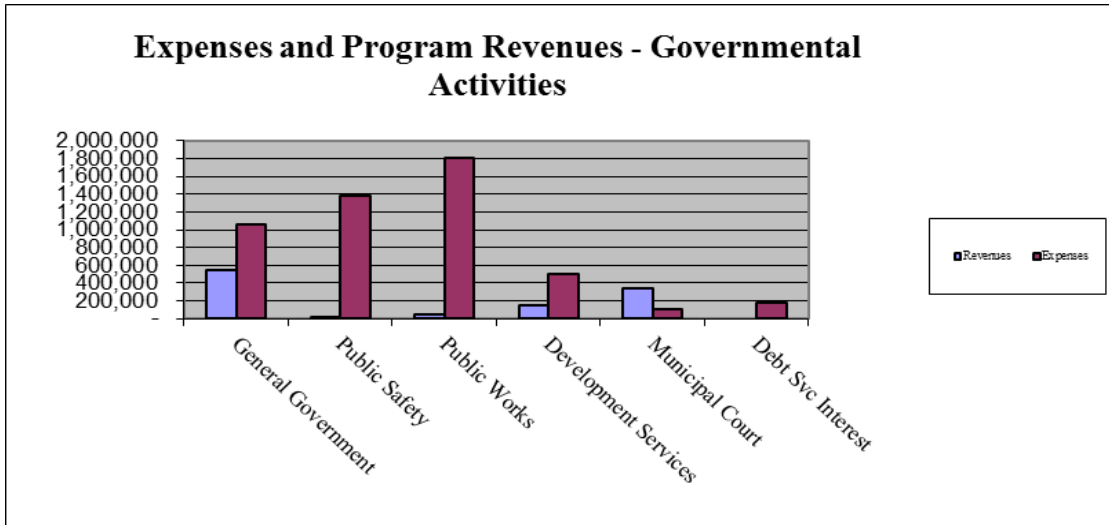
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 1,073,008	\$ 907,218	\$ 662,468	\$ 422,141	\$ 1,735,476	\$ 1,329,359
Operating grants and contributions	14,633	45,959	-	-	14,633	45,959
Capital grants and contributions	4,724,210	-	812,764	92,374	5,536,974	92,374
General revenues	-	-	-	-	-	-
Property taxes	2,531,290	2,252,713	-	-	2,531,290	2,252,713
Franchise taxes	392,400	387,457	-	-	392,400	387,457
Sales taxes	1,366,439	779,909	-	-	1,366,439	779,909
Intergovernmental	500,000	-	-	-	500,000	-
Interest	117,016	46,681	19,728	7,993	136,744	54,674
Miscellaneous	29,202	29,329	-	-	29,202	29,329
Total revenues	10,748,198	4,449,266	1,494,960	522,508	12,243,158	4,971,774
Expenses:						
General government	1,060,987	881,297	-	-	1,060,987	881,297
Public safety	1,384,772	1,084,847	-	-	1,384,772	1,084,847
Public works	1,804,747	868,327	-	-	1,804,747	868,327
Development services	498,067	338,244	-	-	498,067	338,244
Municipal court	105,139	90,276	-	-	105,139	90,276
Interest on long term debt	177,996	185,099	-	-	177,996	185,099
Wastewater utilities	-	-	402,521	383,849	402,521	383,849
Total expenses	5,031,708	3,448,091	402,521	383,849	5,434,229	3,831,939
Increase (decrease) in net assets before transfers	5,716,490	1,001,175	1,092,439	138,659	6,808,929	1,139,834
Net transfers	-	49,062	-	23,833	-	72,895
Increase (decrease) in net position	5,716,490	1,050,237	1,092,439	162,492	6,808,929	1,212,729
Net position - beginning, as restated	11,663,142	9,237,948	2,289,396	2,126,904	13,952,538	11,364,852
Net position - ending	\$ 17,379,632	\$ 10,288,186	\$ 3,381,835	\$ 2,289,396	\$ 20,761,467	\$ 12,577,581

Governmental Activities

Governmental activities increased the net position of the Town by \$7,091,446. This represents a large increase over 2017, and is explained by large developer contributions in the form of infrastructure as well as the reclassification of EDC and CCPD from discretely presented component units to blended component units. 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 \$2,179,909 for governmental activities.

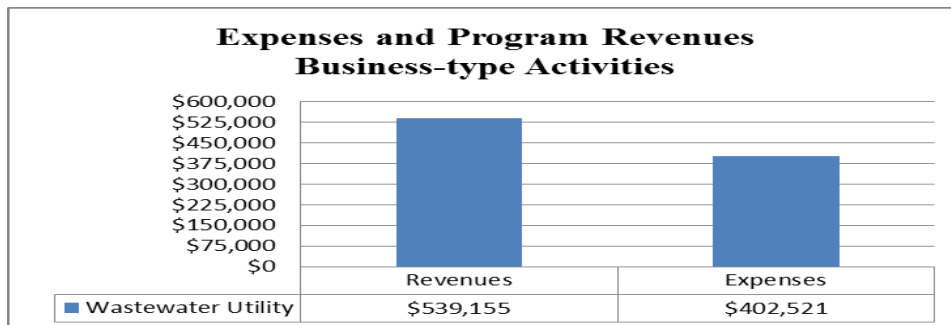
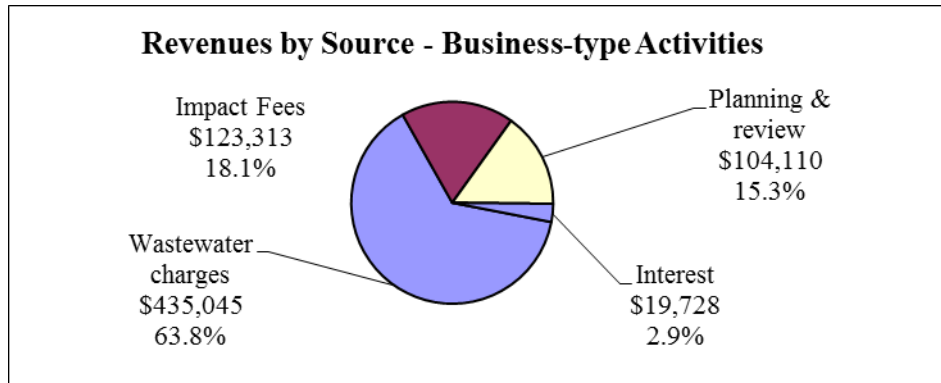


**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**



Business-type Activities

Business-type activities increased the net position of the Town by \$1,092,439.



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 \$6,463,739. This represents an increase of \$1,404,590 from the prior fiscal year.

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Revenues for the Town's general fund were \$3,924,708, while total expenses before transfers were \$3,393,495. Additional expenses include a budgeted transfer from the General Fund of \$20,000 to the Equipment Replacement Fund, and a non-budgeted \$575,000 transfer to the Capital Improvements Fund for the purchase of a public works facility. The \$575,000 transfer includes the purchase price in FY18 as well as monies for the finish out of the public works office space in FY19. This draw down on excess revenue over expenditures addressed a long-known need for a permanent facility for our public works employees and their related vehicles, machinery and street materials. Therefore, the net increase to the General Fund is lower than previous years at \$6,009 after all transfers were made.

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	
	2018	2017	2018	2017	2018	2017
Land	\$ 224,206	\$ 224,206	\$ -	\$ -	\$ 224,206	\$ 224,206
Construction in progress	47,650	1,155,591	192,729	712,717	240,379	1,868,308
Buildings and improvements	2,776,284	922,836	-	-	2,776,284	922,836
Infrastructure	12,158,356	7,685,145	-	-	12,158,356	7,685,145
Intangibles	91,532	160,551	-	-	91,532	160,551
Vehicles and equipment	289,479	340,985	212,958	3,113	502,438	344,099
Graveyard branch collection system	-	-	391,492	408,637	391,492	408,637
Wastewater system	-	-	2,440,267	1,357,345	2,440,267	1,357,345
Total	\$ 15,587,507	\$ 10,489,315	\$ 3,237,445	\$ 2,481,813	\$ 18,824,953	\$ 12,971,127

The Town's investment in capital assets for all activities as of September 30, 2018 is \$18,824,953, compared to \$12,971,127 at September 30, 2017. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, intangibles, vehicles and equipment, and wastewater systems. The total increase in the Town's investment in capital assets for the current fiscal year was \$5,853,826.

Governmental activities capital assets increased \$5,098,192 over FY17. The increase is a combination of significant current period infrastructure additions in the form of the completion of the Town's park as well a sizeable amount of developer-contributed roads, sidewalks, and storm drainage enhancements in 5T Phase I, The Lakes of Argyle, and 5T Phase II. The new Unity Park is a result of a partnership with Argyle Independent School District for the land, a \$500,000 grant from Texas Parks & Wildlife, as well as monies contributed by Council in the FY17 Annual Budget. Additionally, the Town purchased a public works facility with excess fund balance that will enable them to store all Town vehicles, machinery, and street materials. The offices will be finished out in FY19. There were normal vehicle and equipment additions and dispositions, and annual depreciation expense \$562,441.

Business-type activities assets increased \$755,632 over FY17. The increase is a combination of significant developer-contributed-wastewater lines and lift stations in the same developments outlined above, recurring capital purchases and dispositions and the annual depreciation expense of \$87,284. See *Notes to Financial Statements* for more detailed information on capital asset activity.

**TOWN OF ARGYLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Long-term Debt

TABLE IV
TOWN OF ARGYLE OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds payable	\$ 4,424,000	\$ 4,848,000	\$ 940,000	\$ 1,000,000	\$ 5,364,000	\$ 5,848,000
Notes payable	-	-	132,695	180,842	132,695	180,842
Capital leases payable	-	-	-	-	-	-
Compensated absences	118,380	175,338	-	-	118,380	175,338
	<u>\$ 4,542,380</u>	<u>\$ 5,023,338</u>	<u>\$ 1,072,695</u>	<u>\$ 1,180,842</u>	<u>\$ 5,615,075</u>	<u>\$ 6,204,180</u>

At September 30, 2018, the Town had bonds payable, notes payable and accrued compensated absences outstanding of \$5,615,075. Principal payments totaled \$532,147, and all payments were made on or before their due dates. The debt service payments made represent the existing debt along with a prepayment in the amount of \$120,000 from excess debt revenue. 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 FY 2018 was \$2,427,523. Fund balance is currently 254 days, well above the stated balance of 120 days in the Town's Financial Policies. The fiscal year 2017-2018 budget was based on the prevailing property tax rate of \$.3975 per \$100 of valuation.

The FY 2019 General Fund budgeted expenditures increased by 8.4% or \$291,690 over the FY 2018 adopted budget. This increase is attributable to the addition of employees to help address increased workloads across the following departments: administration, community development, police and public works. The essential services funded have increased slightly over FY18 with the maintenance of the new park and infrastructure, anticipated increase in building permits, as well as the Council initiative of increased police staffing. The budget reflects a transfer to the Equipment Replacement Fund in the amount of \$20,000.

FY 2019 (tax year 2018) property tax revenue was based on ad valorem values which rose 8.87% over the previous year. This increase is a combination of new value added, increased land values of 8% and a 4.56% 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: Finance Director, P.O. Box 609, Argyle, TX 76226.



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Basic Financial Statements

For the fiscal year ended
September 30, 2018



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Town of Argyle, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Public Improvement Districts
ASSETS				
Cash and cash equivalents	\$ 4,862,336	\$ 817,761	\$ 5,680,097	\$ 6,660
Receivables (net of allowance for uncollectibles)	535,308	59,769	595,077	-
Restricted cash and cash equivalents	1,259,100	410,396	1,669,496	-
Escrow and other assets	250,624	-	250,624	-
Capital assets (net of accumulated depreciation):				
Land	224,206	-	224,206	-
Construction in progress	47,650	192,729	240,379	-
Buildings and improvements	2,776,283	-	2,776,283	-
Vehicles and equipment	289,479	212,958	502,437	-
Infrastructure	12,158,357	-	12,158,357	-
Wastewater system	-	2,831,758	2,831,758	-
Intangible assets	91,532	-	91,532	-
Total capital assets	<u>15,587,507</u>	<u>3,237,445</u>	<u>18,824,952</u>	<u>-</u>
Total assets	<u>22,494,875</u>	<u>4,525,371</u>	<u>27,020,246</u>	<u>6,660</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - pension contributions	204,487	-	204,487	-
Deferred outflow - actuarial pension losses	13,603	-	13,603	-
Deferred charge on refunding	12,000	-	12,000	-
Total deferred outflows of resources	<u>230,090</u>	<u>-</u>	<u>230,090</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>22,724,965</u>	<u>4,525,371</u>	<u>27,250,336</u>	<u>6,660</u>
LIABILITIES				
Current liabilities:				
Accounts payable	104,776	63,769	168,545	-
Accrued and other payables	49,728	-	49,728	-
Accrued interest payable	19,913	7,073	26,986	-
Other liabilities	77,900	-	77,900	5,721
Non-current liabilities:				
Net pension liability	415,378	-	415,378	-
Due within one year	519,494	110,886	630,380	-
Due in more than one year	4,022,886	961,808	4,984,694	-
Total liabilities	<u>5,210,075</u>	<u>1,143,536</u>	<u>6,353,611</u>	<u>5,721</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - investement experience	135,258	-	135,258	-
Total deferred inflow of resources	<u>135,258</u>	<u>-</u>	<u>135,258</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>5,345,333</u>	<u>1,143,536</u>	<u>6,488,869</u>	<u>5,721</u>
NET POSITION				
Net investment in capital assets	11,163,507	2,164,751	13,328,258	-
Restricted for:				
Debt service	227,264	-	227,264	-
Street Maintenance	525,155	-	525,155	-
Capital projects funds	1,259,100	410,396	1,669,496	-
Economic development	1,417,534	-	1,417,534	-
Municipal court	50,354	-	50,354	-
Community projects	86,685	-	86,685	-
Police	322,814	-	322,814	-
Building maintenance	29,872	-	29,872	-
Equipment replacement	117,438	-	117,438	-
Public Improvement Districts	-	-	-	939
Unrestricted	2,179,909	806,688	2,986,597	-
TOTAL NET POSITION	<u>\$ 17,379,632</u>	<u>\$ 3,381,835</u>	<u>\$ 20,761,467</u>	<u>\$ 939</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, 2018**

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units Public Improvement Districts
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 1,060,987	\$ 541,127	\$ 3,239	\$ -	\$ (516,621)	\$ -	\$ (516,621)	\$ -
Municipal court	105,139	337,811	-	-	232,672	-	232,672	-
Public safety	1,384,772	-	11,394	-	(1,373,378)	-	(1,373,378)	-
Public works	1,804,747	44,030	-	4,724,210	2,963,493	-	2,963,493	-
Development services	498,067	150,040	-	-	(348,027)	-	(348,027)	-
Interest expense	177,996	-	-	-	(177,996)	-	(177,996)	-
Total governmental activities	<u>5,031,708</u>	<u>1,073,008</u>	<u>14,633</u>	<u>4,724,210</u>	<u>780,143</u>	<u>-</u>	<u>780,143</u>	
Business-type activities:								
Wastewater utility	363,445	662,468	-	812,764	-	1,111,787	1,111,787	-
Interest expense	39,076	-	-	-	-	(39,076)	(39,076)	-
Total business-type activities	<u>402,521</u>	<u>662,468</u>	<u>-</u>	<u>812,764</u>	<u>-</u>	<u>1,072,711</u>	<u>1,072,711</u>	<u>-</u>
Total Primary Government	<u>\$ 5,434,229</u>	<u>\$ 1,735,476</u>	<u>\$ 14,633</u>	<u>\$ 5,536,974</u>	<u>\$ 780,143</u>	<u>\$ 1,072,711</u>	<u>\$ 1,852,854</u>	
Component units:								
Public Improvement Districts	-	-	-	-	-	-	-	-
Total Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net position								
General revenues:								
Property taxes					2,531,290	-	2,531,290	-
Sales taxes					1,366,439	-	1,366,439	-
Franchise taxes					392,400	-	392,400	-
Interest					117,016	19,728	136,744	939
Intergovernmental					500,000	-	500,000	-
Miscellaneous					29,202	-	29,202	-
Transfers in (out)					-	-	-	-
Total general revenues and transfers					<u>4,936,347</u>	<u>19,728</u>	<u>4,956,075</u>	<u>939</u>
Change in net position					5,716,490	1,092,439	6,808,929	939
Net position - beginning					11,663,142	2,289,396	13,952,538	-
Net position - ending					<u>\$ 17,379,632</u>	<u>\$ 3,381,835</u>	<u>\$ 20,761,467</u>	<u>\$ 939</u>

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

**Town of Argyle, Texas
Balance Sheet
Governmental Funds
September 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Street Maintenance Fund	Roadway Impact Fee Fund	Blended Component Units		Nonmajor Governmental Funds	Total Governmental Funds
						Economic Development Corporation	Crime Control Prevention District		
ASSETS									
Cash and cash equivalents	\$ 2,160,640	\$ 267,334	\$ 197,002	\$ 462,808	\$ 1,064,993	\$ 1,384,581	\$ 263,630	\$ 320,448	\$ 6,121,436
Receivables (net of allowance for uncollectibles)									
Property taxes	38,165	9,936	-	-	-	-	-	-	48,101
Sales taxes	124,693	-	-	62,347	-	31,173	30,300	-	248,513
Franchise taxes	101,546	-	-	-	-	-	-	-	101,546
Municipal court	123,908	-	-	-	-	-	-	-	123,908
Other	13,240	-	-	-	-	-	-	-	13,240
Due from other funds	46,045	-	-	-	-	-	-	-	46,045
Escrow and other assets	248,759	-	-	-	-	1,865	-	-	250,624
Total assets	<u>2,856,996</u>	<u>277,270</u>	<u>197,002</u>	<u>525,155</u>	<u>1,064,993</u>	<u>1,417,619</u>	<u>293,930</u>	<u>320,448</u>	<u>6,953,413</u>
LIABILITIES									
Accounts payable	94,581	-	2,895	-	-	85	-	7,215	104,776
Accrued and other payables	49,728	-	-	-	-	-	-	-	49,728
Unearned revenues	207,264	3,961	-	-	-	-	-	-	211,225
Other liabilities	77,900	-	-	-	-	-	-	-	77,900
Due to other fund	-	46,045	-	-	-	-	-	-	46,045
Total liabilities	<u>429,473</u>	<u>50,006</u>	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>7,215</u>	<u>489,674</u>
FUND BALANCES									
Restricted for:									
Debt service	-	227,264	-	-	-	-	-	-	227,264
Street Maintenance	-	-	-	525,155	-	-	-	-	525,155
Capital projects funds	-	-	194,107	-	1,064,993	-	-	-	1,259,100
Economic development	-	-	-	-	-	1,417,534	-	-	1,417,534
Assigned to:									
Municipal court	-	-	-	-	-	-	-	50,354	50,354
Community projects	-	-	-	-	-	-	-	86,685	86,685
Police	-	-	-	-	-	-	293,930	28,884	322,814
Building maintenance	-	-	-	-	-	-	-	29,872	29,872
Equipment replacement	-	-	-	-	-	-	-	117,438	117,438
Unrestricted	2,427,523	-	-	-	-	-	-	-	2,427,523
Total fund balances	<u>2,427,523</u>	<u>227,264</u>	<u>194,107</u>	<u>525,155</u>	<u>1,064,993</u>	<u>1,417,534</u>	<u>293,930</u>	<u>313,233</u>	<u>6,463,739</u>
Total liabilities and fund balances	<u>\$ 2,856,996</u>	<u>\$ 277,270</u>	<u>\$ 197,002</u>	<u>\$ 525,155</u>	<u>\$ 1,064,993</u>	<u>\$ 1,417,619</u>	<u>\$ 293,930</u>	<u>\$ 320,448</u>	<u>\$ 6,953,413</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, 2018

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

Fund balance - total governmental funds		\$	6,463,739
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			15,587,507
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	(4,424,000)	
	Deferred charges	12,000	
	Net pension liability	(415,378)	
	Accrued interest	(19,913)	(4,847,291)
Other long-term liabilities are not recognized as current period revenues and, therefore, are deferred in the funds.			
	Deferred outflows and inflows	82,832	
	Unearned revenue	211,225	
	Compensated absences	(118,380)	175,677
Net position of governmental activities		<u>\$</u>	<u>17,379,632</u>

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, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Street Maintenance Fund	Roadway Impact Fee Fund	Blended Component Units		Nonmajor Governmental Funds	Total Governmental Funds
						Economic Development Corporation	Crime Control Prevention District		
REVENUES									
Taxes:									
Property	\$ 1,909,666	\$ 619,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,529,268
Sales and beverage	684,034	-	-	199,473	-	305,408	163,060	-	1,351,975
Franchise	403,452	-	-	-	-	-	-	-	403,452
Municipal court fines	320,047	-	-	-	-	-	-	17,764	337,811
Building permits and fees	541,127	-	-	-	-	-	-	-	541,127
Park development fees	-	-	-	-	-	-	-	44,030	44,030
Roadway impact fees	-	-	-	-	150,040	-	-	-	150,040
Contributions	-	-	-	-	-	-	7,711	6,922	14,633
Developer contributions	-	-	4,724,210	-	-	-	-	-	4,724,210
Intergovernmental	-	-	500,000	-	-	-	-	-	500,000
Interest	52,604	6,479	3,337	7,610	16,987	20,384	4,197	5,418	117,016
Miscellaneous	13,778	-	230	-	-	-	-	1,144	15,152
Total revenues	<u>3,924,708</u>	<u>626,081</u>	<u>5,227,777</u>	<u>207,083</u>	<u>167,027</u>	<u>325,792</u>	<u>174,968</u>	<u>75,278</u>	<u>10,728,714</u>
EXPENDITURES									
Current:									
General government	925,337	-	-	-	-	-	-	7,684	933,021
Municipal court	97,233	-	-	-	-	-	-	10,603	107,836
Public safety	1,287,909	-	-	-	-	-	66,574	6,780	1,361,263
Public works	603,677	-	808,153	115,181	-	-	-	-	1,527,011
Development services	479,339	-	-	-	-	27,882	-	-	507,221
Capital outlay:									
Public works	-	-	5,660,633	-	-	-	-	-	5,660,633
Debt service									
Principal retirement	-	424,000	-	-	-	-	-	-	424,000
Interest and fiscal charges	-	178,096	-	-	-	-	-	-	178,096
Total expenditures	<u>3,393,495</u>	<u>602,096</u>	<u>6,468,786</u>	<u>115,181</u>	<u>-</u>	<u>27,882</u>	<u>66,574</u>	<u>25,067</u>	<u>10,699,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>531,213</u>	<u>23,985</u>	<u>(1,241,009)</u>	<u>91,902</u>	<u>167,027</u>	<u>297,910</u>	<u>108,394</u>	<u>50,211</u>	<u>29,633</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	69,796	-	630,595	-	-	-	-	20,000	720,391
Transfers out	(595,000)	-	-	-	-	(28,000)	(41,796)	(55,595)	(720,391)
Total other financing sources and uses	<u>(525,204)</u>	<u>-</u>	<u>630,595</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>	<u>(41,796)</u>	<u>(35,595)</u>	<u>-</u>
Net change in fund balances	6,009	23,985	(610,414)	91,902	167,027	269,910	66,598	14,616	29,633
Fund balances - beginning	2,421,514	203,279	804,521	433,253	897,966	1,147,624	227,332	298,617	6,434,106
Fund balances - ending	<u>\$ 2,427,523</u>	<u>\$ 227,264</u>	<u>\$ 194,107</u>	<u>\$ 525,155</u>	<u>\$ 1,064,993</u>	<u>\$ 1,417,534</u>	<u>\$ 293,930</u>	<u>\$ 313,233</u>	<u>\$ 6,463,739</u>

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, 2018

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

Net change in fund balances - total governmental funds	\$	29,633
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.		5,098,192
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.		424,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,434
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.		159,231
Change in net position of governmental activities	<u>\$</u>	<u>5,716,490</u>

The accompanying notes are an integral part of this statement

**Town of Argyle, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018**

	Wastewater Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 817,761
Accounts receivable (net of allowance for uncollectibles)	59,769
Total current assets	877,530
Noncurrent assets:	
Restricted cash and cash equivalents	410,396
Capital assets:	
Construction in progress	192,729
Vehicles	13,240
Equipment	320,522
Wastewater collection system	3,690,853
Graveyard branch collection system	687,518
Intangibles	55,638
Accumulated depreciation	(1,723,055)
Total capital assets (net of accumulated depreciation)	3,237,445
Total noncurrent assets	3,647,841
Total assets	4,525,371
 LIABILITIES	
Current liabilities:	
Accounts payable	63,769
Accrued interest payable	7,073
Notes payable - current	110,886
Total current liabilities	181,728
Noncurrent liabilities:	
Notes payable - noncurrent	961,808
Total noncurrent liabilities	961,808
Total liabilities	1,143,536
 NET POSITION	
Net investment in capital assets	2,164,751
Restricted for capital improvements	410,396
Unrestricted	806,688
Total net position	\$ 3,381,835

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, 2018

	Wastewater Utility Fund
OPERATING REVENUES:	
Charges for sales and services:	
Wastewater	\$ 435,045
Planning, zoning and review	88,110
Installation fees	16,000
Total operating revenues	539,155
 OPERATING EXPENSES:	
Costs of sales and services:	
Treatment services	196,884
Contractual services	33,958
Material and supplies	17,035
Lift station utilities	8,823
Maintenance	17,428
Administration and other operating expenses	2,033
Depreciation	87,284
Total operating expenses	363,445
Operating income	175,710
 NONOPERATING REVENUES (EXPENSES):	
Impact fees	123,313
Capital contributions	812,764
Interest income	19,728
Interest expense	(39,076)
Total nonoperating revenue (expenses)	916,729
Change in net position	1,092,439
Total net position - beginning	2,289,396
Total net position - ending	\$ 3,381,835

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, 2018

	Wastewater Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 530,491
Cash payments to suppliers for goods and services	(7,825)
Cash payments to employees and professional contractors for services	(230,842)
Net cash provided from operating activities	291,824
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on notes	(108,148)
Interest paid on notes	(39,076)
Impact fees	123,313
Capital contributions	812,764
Acquisition and construction	(842,915)
Net cash provided (used) by capital and related financing activities	(54,062)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	19,728
Net cash provided by investing activities	19,728
Net increase (decrease) in cash and cash equivalents	257,490
Cash and cash equivalents, October 1, 2017	970,667
Cash and cash equivalents, September 30, 2018	1,228,157
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	175,710
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	87,283
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,663)
Increase (decrease) in accounts payable	52,966
Increase (decrease) in accrued interest payable	(15,472)
Net cash provided (used) by operating activities	\$ 291,824

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, 2018

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. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

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, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following entities were found to be discretely presented component units of the Town and are included in the financial statements:

Discretely Presented Component Units

The Town's first public improvement district (PID) was created in April, 2016. Bonds for The Lakes of Argyle Public Improvement District No. 1 were sold in September, 2017. The FY18 audit will reflect activity for this fund, as well as a second public improvement district which was created in August, 2016 with bonds sold in January, 2018. The Waterbrook Public Improvement District No. 2 will have financial transactions to report in the FY18 audit as well. Both of these PID's will be treated as discretely presented component units.

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, and the Argyle Crime Control and Prevention District, which was created in fiscal year 2004, 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.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2018

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:

GOVERNMENTAL FUND TYPES

The primary government of the Town maintains five major governmental funds that include the general fund, debt service fund, general capital projects fund, street maintenance sales tax fund, and the roadway impact fee fund. In addition, the Town maintains eight non-major special revenue funds and one non-major capital projects funds. 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, general capital projects fund, street maintenance sales tax fund, and the roadway impact fee 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 General Capital Improvements Fund, Roadway Impact Fee Fund, and the Equipment Replacement Fund.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2018

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 Sales Tax Fund, and eight 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, and Building Maintenance Fund.

PROPRIETARY FUND TYPES

Proprietary Fund

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 Wastewater Fund is accounted for under this fund type.

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, 2018

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 expended 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.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2018

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 enterprise 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, 2018

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, 2018 is \$12,000.

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	40 years
Machinery and equipment	3 – 7 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 pay 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, 2018

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:

- *Nonspendable 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 FY 2016 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, 2018

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, 2018, the Town's carrying amount of demand deposits was \$6,418,255 while the bank balance also showed \$6,495,690 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 discretely presented component units in the amounts of \$6,660 for the Public Improvement Districts and the blended component units in the amounts of \$196,984 for the Economic Development Corporation and \$265,490 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, 2018, 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, 2018

Investments

The Town also had \$937,997 in the Texas Local Government Investment Pool (Texpool) as follows:

	<u>Amount</u>
Public funds investment pools:	
TexPool General fund	\$ 96,846
TexPool EDC fund	778,802
TexPool Roadway Capital Improvement	414
TexPool WW Development	<u>61,935</u>
Total public funds investment pools	<u>\$ 937,997</u>

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 AAA. 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 \$7,356,253 on the statement of net position at September 30, 2018, includes an additional \$400 cash on-hand. Of this amount, \$5,686,757 is 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, 2018, 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. At September 30, 2018, the Town was not exposed to foreign currency risk.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2018

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						Total Governmental Funds	Proprietary Fund Wastewater Utility Fund
	General Fund	Debt Service Fund	Street Maintenance Fund	Blended Component Units		Total Governmental Funds		
				Economic Development Corporation	Crime Control Prevention District			
Receivables:								
Property taxes	\$ 38,165	\$ 9,936	\$ -	\$ -	\$ -	\$ 48,101	\$ -	
Sales taxes	124,693	-	62,347	31,173	30,300	248,513	-	
Franchise taxes	101,546	-	-	-	-	101,546	-	
Municipal court	282,908	-	-	-	-	282,908	-	
Other	13,240	-	-	-	-	13,240	-	
Customer accounts	-	-	-	-	-	-	59,769	
Gross receivables	560,552	9,936	62,347	31,173	30,300	694,308	59,769	
Less: allowance for uncollectibles	(159,000)	-	-	-	-	(159,000)	-	
Net total receivables	<u>\$ 401,552</u>	<u>\$ 9,936</u>	<u>\$ 62,347</u>	<u>\$ 31,173</u>	<u>\$ 30,300</u>	<u>\$ 535,308</u>	<u>\$ 59,769</u>	

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 \$32,754.

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, 2018, the tax rate was \$0.3975 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. There were no such arrangements at September 30, 2018.

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 FY18 were the completion of Unity Park and the developer-contributed roads, sidewalks, and storm drainage enhancements in 5T Phase I, The Lakes of Argyle, and 5T Phase II. The Town Council also approved use of excess fund balance during the budget process for the purchase of a much-needed public works facility to house the public works employees, vehicles, machinery and street materials. The office space will be finished out in FY19.

Town of Argyle, Texas
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The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2018:

	Balance September 30, 2017	Increases	Decreases	Balance September 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 224,206	\$ -	\$ -	\$ 224,206
Construction in progress	1,155,591	-	(1,107,941)	47,650
Total capital assets not being depreciated	<u>1,379,797</u>	<u>-</u>	<u>(1,107,941)</u>	<u>271,856</u>
Capital assets being depreciated:				
Buildings and improvements	1,994,185	1,997,805	-	3,991,990
Vehicles and equipment	1,047,232	46,559	(25,064)	1,068,727
Infrastructure	9,146,317	4,724,210	-	13,870,527
Intangibles	694,246	-	-	694,246
Total capital assets being depreciated	<u>12,881,980</u>	<u>6,768,574</u>	<u>(25,064)</u>	<u>19,625,490</u>
Less: accumulated depreciation				
Buildings and improvements	(1,071,349)	(144,358)	-	(1,215,707)
Vehicles and equipment	(706,246)	(98,066)	25,064	(779,248)
Infrastructure	(1,461,172)	(250,998)	-	(1,712,170)
Intangibles	(533,695)	(69,019)	-	(602,714)
Total accumulated depreciation	<u>(3,772,462)</u>	<u>(562,441)</u>	<u>25,064</u>	<u>(4,309,839)</u>
Total capital assets being depreciated, net	<u>9,109,518</u>	<u>6,206,133</u>	<u>-</u>	<u>15,315,651</u>
Total governmental activities, net	<u>\$ 10,489,315</u>	<u>\$ 6,206,133</u>	<u>\$ (1,107,941)</u>	<u>\$ 15,587,507</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	\$ 205,267
Public safety	64,624
Public works	292,550
Total governmental depreciation expense	<u>\$ 562,441</u>

NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The FY18 proprietary capital additions were related to the addition of developer-donated infrastructure in the form of wastewater lines and a lift station for new developments in Town. The following is a summary of the property, plant and equipment of the enterprise funds at September 30, 2018:

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	Balance September 30, 2017	Increases	Decreases	Balance September 30, 2018
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	\$ 712,717	\$ -	\$ (519,988)	\$ 192,729
Capital assets being depreciated:				
Vehicles	13,240	-		13,240
Equipment	106,374	214,148	-	320,522
Wastewater collection system	2,542,097	1,148,756	-	3,690,853
Graveyard branch collection system	687,518	-	-	687,518
Intangibles	55,638	-	-	55,638
Total capital assets being depreciated	<u>3,404,867</u>	<u>1,362,904</u>	<u>-</u>	<u>4,767,771</u>
Less: accumulated depreciation				
Vehicles	(13,240)	-	-	(13,240)
Equipment	(103,261)	(4,303)	-	(107,564)
Wastewater collection system	(1,184,752)	(65,835)	-	(1,250,587)
Graveyard branch collection system	(278,880)	(17,146)	-	(296,026)
Intangibles	(55,638)	-	-	(55,638)
Total accumulated depreciation	<u>(1,635,771)</u>	<u>(87,284)</u>	<u>-</u>	<u>(1,723,055)</u>
Total capital assets being depreciated, net	<u>1,769,096</u>	<u>1,275,620</u>	<u>-</u>	<u>3,044,716</u>
Total business-type activities, net	<u>\$ 2,481,813</u>	<u>\$ 1,275,620</u>	<u>\$ (519,988)</u>	<u>\$ 3,237,445</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, 2018:

	Balance September 30, 2017	Increases	Decreases	Balance September 30, 2018	Due Within One Year
Governmental activities:					
CO Series 2008 - Town Hall purchase	\$ 755,000	\$ -	\$ (165,000)	\$ 590,000	\$ 50,000
CO Series 2009 - Town Hall/PD renovation	625,000	-	(35,000)	590,000	211,000
CO Series 2010 - Street improvements	3,105,000	-	(165,000)	2,940,000	170,000
GO Series 2014 - Refunding Bonds	<u>363,000</u>	<u>-</u>	<u>(59,000)</u>	<u>304,000</u>	<u>58,000</u>
Total bonded indebtedness	<u>4,848,000</u>	<u>-</u>	<u>(424,000)</u>	<u>4,424,000</u>	<u>489,000</u>
Compensated absences	175,338	8,263	(65,221)	118,380	30,494
Total Governmental Obligations	<u>5,023,338</u>	<u>8,263</u>	<u>(489,221)</u>	<u>4,542,380</u>	<u>519,494</u>
Business-type activities:					
Notes Payable - City of Denton	180,842	-	(48,148)	132,694	50,886
CO Series 2008 - 1st phase TRA	415,000	-	(25,000)	390,000	25,000
CO Series 2009 - 2nd phase TRA	<u>585,000</u>	<u>-</u>	<u>(35,000)</u>	<u>550,000</u>	<u>35,000</u>
Total Business-type Obligations	<u>\$ 1,180,842</u>	<u>\$ -</u>	<u>\$ (108,148)</u>	<u>\$ 1,072,694</u>	<u>\$ 110,886</u>

Town of Argyle, Texas
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The Town entered into a development agreement with St. Mark's Catholic Church in FY13 for property that was adjacent to and has primary frontage and access on Crawford Road. St. Mark's paid an escrow fee to the Town in an amount equivalent to the Roadway impact Fee for the respective service area at the then prevailing impact rate. The amount of \$29,468 is currently being held in escrow and will be utilized to make future improvements to Crawford Road. The developer is not responsible for any additional improvements to Crawford Road.

There were no significant contracts or encumbrances at September 30, 2018.

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. As of September 30, 2018, the principal balance was \$590,000. Payment of the bonds will be from the levy and collection of ad valorem tax revenue.

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. As of September 30, 2018, the principal balance was \$590,000. Payment of the bonds will be from the levy and collection of ad valorem tax.

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 2020 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, 2020, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. As of September 30, 2018, the principal balance was \$2,940,000.

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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%. As of September 30, 2018, the principal balance of the 2014 series obligations was \$304,000. 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.

The principal and interest requirements related to these governmental contractual obligations at September 30, 2018 are as follows:

Governmental activities:			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 489,000	\$ 167,643	\$ 656,643
2020	331,000	152,993	483,993
2021	340,000	146,613	486,613
2022	358,000	135,054	493,054
2023	372,000	122,425	494,425
2024 - 2028	1,675,000	405,236	2,080,236
2029 - 2031	859,000	58,950	917,950
	<u>\$ 4,424,000</u>	<u>\$ 1,188,914</u>	<u>\$ 5,612,914</u>

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, 2018 is \$118,380.

LONG TERM DEBT OF THE WASTEWATER FUND

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

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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, 2018 is \$132,694.

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 remaining principal balance on September 30, 2018 is \$390,000.

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 remaining principal balance on September 30, 2018 is \$550,000.

The following is a summary of the Town’s Enterprise Fund long-term future debt service for the fiscal year ended September 30, 2018:

Business-type activities:			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 110,886	\$ 45,340	\$ 156,226
2020	123,781	43,108	166,889
2021	98,027	36,799	134,826
2022	75,000	32,644	107,644
2023	80,000	29,044	109,044
2024 - 2028	475,000	83,775	558,775
2029	110,000	2,556	112,556
	<u>\$ 1,072,694</u>	<u>\$ 273,266</u>	<u>\$ 1,345,960</u>

NOTE J – RESTRICTED CASH

The balance of the restricted cash account in the Roadway Impact Fees Fund is: Demand deposits of \$1,259,100.

The balances of the restricted cash accounts in the Wastewater enterprise fund are as follows: Demand deposits of \$410,396.

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, 2018

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 BALANCES AND 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 Project 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 Fund	\$ -	\$ 28,000
Crime Control Prevention Fund	-	41,796
Capital Improvement Fund	575,000	-
Equipment Replacement Fund	20,000	-
210 Economic Development Fund		
General Fund	28,000	-
220 Crime Control Prevention Fund		
General Fund	41,796	-
255 Parkland Dedication Fund		
Capital Improvement Fund	55,595	-
310 Capital Improvement Fund		
General Fund	-	575,000
Parkland Dedication Fund	-	55,595
330 Equipment Replacement Fund		
General Fund	-	20,000
710 Wastewater Utility Fund		
Wastewater CIP Fund	-	90,576
720 Wastewater CIP Fund		
Wastewater Operating Fund	90,576	-
Total	<u>\$ 810,967</u>	<u>\$ 810,967</u>

There were no Interfund receivables or payables at September 30, 2018.

Town of Argyle, Texas
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September 30, 2018

NOTE N – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 883 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.tmrs.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.

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 2018</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

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Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2017</u>
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	22
Active employees	<u>26</u>
Total	<u><u>63</u></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 13.59% and 14.20% in calendar years 2017 and 2018, respectively. The Town's contributions to TMRS for the year ended September, 30 2018, were \$274,007, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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Actuarial assumptions

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2018 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

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 12/31/2016	\$ 4,691,097	\$ 4,014,361	\$ 676,736
Changes for the year:			
Service cost	285,184	-	285,184
Interest	325,060	-	325,060
Changes in current period benefits	-	-	-
Difference between expected and actual experience	28,922	-	28,922
Changes in assumptions	-	-	-
Contributions - employer	-	236,183	(236,183)
Contributions - employee	-	110,292	(110,292)
Net investment income	-	557,079	(557,079)
Benefit payments, including refunds of employee contributions	(35,956)	(35,956)	-
Administrative expense	-	(2,883)	2,883
Other changes	-	(147)	147
Net changes	603,210	864,568	(261,358)
Balance at 12/31/2017	\$ 5,294,307	\$ 4,878,929	\$ 415,378

Town of Argyle, Texas
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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	\$ 1,261,348	\$ 415,378	\$ (272,471)

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.tmr.com.

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

For the fiscal year ended September 30, 2018, the Town recognized pension expense of \$185,882 and the calculation of the expense is summarized in the following table:

Schedule of Pension Expense	
Total service cost	\$ 285,184
Interest on the total pension liability	325,060
Changes in current period benefits	-
Employee contributions (reduction of expense)	(110,292)
Projected earnings on plan investments (reduction of expense)	(270,969)
Administrative expense	2,883
Other changes in fiduciary net position	146
Recognition of current year outflow (inflow) of resources - liabilities	9,609
Recognition of current year outflow (inflow) of resources - assets	(57,222)
Amortization of prior year outflows (inflows) of resources - liabilities	(48,954)
Amortization of prior year outflows (inflows) of resources - assets	50,437
Total pension expense	<u>\$ 185,882</u>

At September 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Argyle, Texas
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	Schedule of Deferred Outflows and Inflows of Resources	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,613	\$ -
Changes in actuarial assumptions	8,990	-
Difference between projected and actual investment earnings	-	135,258
Contributions subsequent to the measurement date	204,487	-
Total	<u>\$ 218,090</u>	<u>\$ 135,258</u>

\$204,487 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, 2018. 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
2018	\$ (2,868)
2019	(4,323)
2020	(57,240)
2021	(57,221)
2022	-
Thereafter	-
Total	<u>\$ (121,652)</u>

NOTE O – TAX ABATEMENTS

Tax Increment Reinvestment Zone (TIRZ) Number One

The Argyle Tax Increment Reinvestment Zone No. 1 Board (TIRZ No. 1) 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 Public Improvement District (PID), as well as the creation of a Tax Increment Reinvestment Zone (TIRZ) which will be used to buy down the PID assessment on the project as well as reimburse eligible developer costs. The total amount of taxes abated during the year ended September 30, 2018 was \$0.

Town of Argyle, Texas
Notes to the Basic Financial Statements
September 30, 2018

NOTE P - SUBSEQUENT EVENTS

Subsequent to fiscal year-end, the Town Manager identified two development agreements that requires the developers to reimburse annual wastewater flow charges incurred by the Town since early 2010. The Town is pursuing collection of approximately \$380,000 in total of wastewater flow charges from the two developers. These anticipated collections will be recorded as revenues in fiscal year 2019 and 2020.

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through February 19, 2019, the date the financial statements were available to be issued.



Required Supplementary Information

For the fiscal year ended
September 30, 2018



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Town of Argyle, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Total pension liability				
Service cost	\$ 229,039	\$ 263,016	\$ 256,946	\$ 285,184
Interest	251,574	269,509	290,933	325,060
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(201,849)	(58,176)	(5,180)	28,922
Changes of assumptions	-	40,352	-	-
Benefit payments, including refunds of employee contributions	(42,232)	(36,849)	(66,492)	(35,956)
Net Change in Total Pension Liability	236,532	477,852	476,207	603,210
Total Pension Liability - Beginning	3,500,506	3,737,038	4,214,890	4,691,097
Total Pension Liability - Ending (a)	\$ 3,737,038	\$ 4,214,890	\$ 4,691,097	\$ 5,294,307
B. Plan Fiduciary Net Position				
Contributions - employer	\$ 172,481	\$ 210,859	\$ 310,701	\$ 236,183
Contributions - employee	87,926	97,620	98,393	110,292
Net investment income	159,797	4,677	232,884	557,079
Benefit payments, including refunds of employee contributions	(42,232)	(36,849)	(66,492)	(35,956)
Administrative expense	(1,668)	(2,848)	(2,627)	(2,883)
Other changes	(137)	(141)	(142)	(146)
Net Change in Plan Fiduciary Net Position	376,167	273,318	572,717	864,569
Plan Fiduciary Net Position - Beginning	2,792,159	3,168,326	3,441,644	4,014,361
Plan Fiduciary Net Position - Ending (b)	3,168,326	3,441,644	4,014,361	4,878,930
C. Net Pension Liability - Ending (a) - (b)	\$ 568,712	\$ 773,246	\$ 676,736	\$ 415,377
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.78%	81.65%	85.57%	92.15%
E. Covered Employee Payroll	\$ 1,240,899	\$ 1,394,570	\$ 1,405,610	\$ 1,575,602
F. Net Pension Liability as a Percentage of Covered Employee Payroll	45.83%	55.45%	48.15%	26.36%

Town of Argyle, Texas
Required Supplementary Information
Schedule of Contributions
September 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	202,634	206,003	218,375	251,203
Contributions in relation to the actuarially determined contribution	<u>(211,599)</u>	<u>(209,784)</u>	<u>(227,158)</u>	<u>(274,007)</u>
Contribution deficiency (excess)	(8,965)	(3,780)	(8,783)	(22,804)
Covered employee payroll	1,371,849	1,396,073	1,515,399	1,827,930
Contributions as a percentage of covered employee payroll	14.77%	14.76%	14.41%	13.74%

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	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% 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 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

**TOWN OF ARGYLE, TEXAS
SEPTEMBER 30, 2018
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

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

1. The Town Manager 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 Manager – 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 Fund Statements & Budget and Actual Schedules

For the fiscal year ended
September 30, 2018



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City of Argyle, Texas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Special Revenue							Capital Projects	Total	
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund	Police Donations Fund	Senior Citizen Organization Fund	Building Maintenance Fund	Equipment Replacement Fund	Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 15,450	\$ 35,047	\$ 31,723	\$ 50,850	\$ 7,843	\$ 22,165	\$ 4,112	\$ 35,820	\$ 117,438	\$ 320,448
Total assets	<u>15,450</u>	<u>35,047</u>	<u>31,723</u>	<u>50,850</u>	<u>7,843</u>	<u>22,165</u>	<u>4,112</u>	<u>35,820</u>	<u>117,438</u>	<u>320,448</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	143	-	-	-	-	1,124	-	5,948	-	7,215
Total liabilities	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124</u>	<u>-</u>	<u>5,948</u>	<u>-</u>	<u>7,215</u>
Fund balances:										
Assigned to:										
Municipal court	15,307	35,047	-	-	-	-	-	-	-	50,354
Community projects	-	-	31,723	50,850	-	-	4,112	-	-	86,685
Police	-	-	-	-	7,843	21,041	-	-	-	28,884
Building maintenance	-	-	-	-	-	-	-	29,872	-	29,872
Equipment replacement	-	-	-	-	-	-	-	-	117,438	117,438
Total fund balances	<u>15,307</u>	<u>35,047</u>	<u>31,723</u>	<u>50,850</u>	<u>7,843</u>	<u>21,041</u>	<u>4,112</u>	<u>29,872</u>	<u>117,438</u>	<u>313,233</u>
Total liabilities and fund balances	<u>\$ 15,450</u>	<u>\$ 35,047</u>	<u>\$ 31,723</u>	<u>\$ 50,850</u>	<u>\$ 7,843</u>	<u>\$ 22,165</u>	<u>\$ 4,112</u>	<u>\$ 35,820</u>	<u>\$ 117,438</u>	<u>\$ 320,448</u>

Town of Argyle, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue							Capital Projects	Total
	Court Technology Fund	Court Security Fund	Parkland Dedication Fund	Tree Reforestation Fund	LEOSE Training Fund	Police Donations Fund	Senior Citizen Organization Fund	Building Maintenance Fund	Equipment Replacement Fund
REVENUES									
Park development fees	\$ -	\$ -	\$ 44,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,030
Municipal court fines	10,130	7,634	-	-	-	-	-	-	17,764
Contributions	-	-	-	-	-	3,683	3,239	-	6,922
Interest	249	555	842	864	128	417	63	609	5,418
Miscellaneous	-	-	-	-	1,144	-	-	-	1,144
	<u>10,379</u>	<u>8,189</u>	<u>44,872</u>	<u>864</u>	<u>1,272</u>	<u>4,100</u>	<u>3,302</u>	<u>609</u>	<u>75,278</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	1,736	5,948	7,684
Public safety	-	-	-	-	-	6,780	-	-	6,780
Municipal court	8,608	1,995	-	-	-	-	-	-	10,603
Total expenditures	<u>8,608</u>	<u>1,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,780</u>	<u>1,736</u>	<u>5,948</u>	<u>25,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,771</u>	<u>6,194</u>	<u>44,872</u>	<u>864</u>	<u>1,272</u>	<u>(2,680)</u>	<u>1,566</u>	<u>(5,339)</u>	<u>50,211</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	20,000	20,000
Transfers out	-	-	(55,595)	-	-	-	-	-	(55,595)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(55,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>(35,595)</u>
Net change in fund balances	<u>1,771</u>	<u>6,194</u>	<u>(10,723)</u>	<u>864</u>	<u>1,272</u>	<u>(2,680)</u>	<u>1,566</u>	<u>(5,339)</u>	<u>14,616</u>
Fund balances - beginning	13,536	28,853	42,446	49,986	6,571	23,721	2,546	35,211	298,617
Fund balances - ending	<u>\$ 15,307</u>	<u>\$ 35,047</u>	<u>\$ 31,723</u>	<u>\$ 50,850</u>	<u>\$ 7,843</u>	<u>\$ 21,041</u>	<u>\$ 4,112</u>	<u>\$ 29,872</u>	<u>\$ 313,233</u>

Town of Argyle, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2018

	<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	\$ 1,858,893	\$ 1,858,893	\$ 1,909,666	\$ 50,773
Sales and beverage	464,474	464,474	684,034	219,560
Franchise	380,000	380,000	403,452	23,452
Municipal court fines	315,000	315,000	320,047	5,047
Building permits and fees	409,576	409,576	541,127	131,551
Interest	-	-	52,604	52,604
Miscellaneous	7,500	7,500	13,778	6,278
Total revenues	<u>3,435,443</u>	<u>3,435,443</u>	<u>3,924,708</u>	<u>489,265</u>
EXPENDITURES				
Current:				
General government	810,346	810,346	925,337	(114,991)
Municipal court	113,069	113,069	97,233	15,836
Public safety	1,315,887	1,315,887	1,287,909	27,978
Public works	708,455	708,455	603,677	104,778
Development services	457,776	457,776	479,339	(21,563)
Total expenditures	<u>3,405,533</u>	<u>3,405,533</u>	<u>3,393,495</u>	<u>12,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,910</u>	<u>29,910</u>	<u>531,213</u>	<u>501,303</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	134,775	134,775	69,796	(64,979)
Transfers out	(65,000)	(65,000)	(595,000)	(530,000)
Total other financing sources and uses	<u>69,775</u>	<u>69,775</u>	<u>(525,204)</u>	<u>(594,979)</u>
Net change in fund balances	99,685	99,685	6,009	(93,676)
Fund balances - beginning	1,918,668	1,918,668	2,421,514	-
Fund balances - ending	<u>\$ 2,018,353</u>	<u>\$ 2,018,353</u>	<u>\$ 2,427,523</u>	<u>\$ (93,676)</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, 2018

	<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	\$ 115,618	\$ 115,618	\$ 199,473	\$ 83,855
Interest	-	-	7,610	7,610
Total revenues	<u>115,618</u>	<u>115,618</u>	<u>207,083</u>	<u>91,465</u>
EXPENDITURES				
Current:				
Public works	<u>245,750</u>	<u>245,750</u>	<u>115,181</u>	<u>130,569</u>
Total expenditures	<u>245,750</u>	<u>245,750</u>	<u>115,181</u>	<u>130,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,132)</u>	<u>(130,132)</u>	<u>91,902</u>	<u>222,034</u>
Net change in fund balances	(130,132)	(130,132)	91,902	222,034
Fund balances - beginning	433,253	433,253	433,253	-
Fund balances - ending	<u>\$ 303,121</u>	<u>\$ 303,121</u>	<u>\$ 525,155</u>	<u>\$ 222,034</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, 2018

	<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	\$ 232,237	\$ 232,237	\$ 305,408	\$ 73,171
Interest	-	-	20,384	20,384
Total revenues	<u>232,237</u>	<u>232,237</u>	<u>325,792</u>	<u>93,555</u>
EXPENDITURES				
Current:				
Development services	199,850	199,850	27,882	171,968
Total expenditures	<u>199,850</u>	<u>199,850</u>	<u>27,882</u>	<u>171,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,387</u>	<u>32,387</u>	297,910	265,523
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(28,000)	(28,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(28,000)</u>	<u>(28,000)</u>
Net change in fund balances	32,387	32,387	269,910	237,523
Fund balances - beginning	1,147,624	1,147,624	1,147,624	-
Fund balances - ending	<u>\$ 1,180,011</u>	<u>\$ 1,180,011</u>	<u>\$ 1,417,534</u>	<u>\$ 237,523</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, 2018

	<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	\$ 115,618	\$ 115,618	\$ 163,060	\$ 47,442
Interest	-	-	4,197	4,197
Miscellaneous	-	-	7,711	7,711
Total revenues	<u>115,618</u>	<u>115,618</u>	<u>174,968</u>	<u>59,350</u>
EXPENDITURES				
Current:				
Public Safety	<u>144,196</u>	<u>144,196</u>	<u>66,574</u>	<u>77,622</u>
Total expenditures	<u>144,196</u>	<u>144,196</u>	<u>66,574</u>	<u>77,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,578)</u>	<u>(28,578)</u>	<u>108,394</u>	<u>136,972</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(41,796)	(41,796)
Total other financing sources and uses	-	-	(41,796)	(41,796)
Net change in fund balances	<u>(28,578)</u>	<u>(28,578)</u>	<u>66,598</u>	<u>95,176</u>
Fund balances - beginning	<u>227,332</u>	<u>227,332</u>	<u>227,332</u>	<u>-</u>
Fund balances - ending	<u>\$ 198,754</u>	<u>\$ 198,754</u>	<u>\$ 293,930</u>	<u>\$ 95,176</u>



Compliance and Internal Control Section

For the fiscal year ended
September 30, 2018



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M. Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Dinesh J. Pai, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

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 Honorable Mayor and 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, the aggregate discretely presented component units, 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 19, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Handwritten signature in black ink that reads "M. C. Aul & Associates, P.C." The signature is written in a cursive style.

Richardson, Texas

February 19, 2019



Statistical Section

For the fiscal year ended
September 30, 2018



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

B-1

	Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities								
Net investment in capital position	\$ 2,188,806	\$ 2,551,181	\$ 2,560,671	\$ 2,416,889	\$ 2,409,501	\$ 5,512,466	\$ 5,654,315	\$ 11,163,507
Restricted	2,323,337	2,157,445	2,083,447	1,435,797	1,530,126	1,897,972	2,637,635	4,036,216
Unrestricted	128,658	137,753	544,279	1,671,466	1,390,017	1,827,510	1,996,236	2,179,909
Total governmental activities net assets	<u>\$ 4,640,801</u>	<u>\$ 4,846,379</u>	<u>\$ 5,188,397</u>	<u>\$ 5,524,153</u>	<u>\$ 5,329,644</u>	<u>\$ 9,237,948</u>	<u>\$ 10,288,186</u>	<u>\$ 17,379,632</u>
Business-type activities								
Net investment in capital position	\$ 489,982	\$ 262,016	\$ 265,738	\$ 373,181	\$ 302,909	\$ 1,502,777	\$ 1,415,460	\$ 2,164,751
Restricted	93,274	356,510	387,143	510,257	435,256	402,828	395,395	410,396
Unrestricted	245,786	145,228	149,467	12,528	75,507	221,298	478,541	806,688
Total business-type activities net assets	<u>\$ 829,042</u>	<u>\$ 763,754</u>	<u>\$ 802,348</u>	<u>\$ 895,966</u>	<u>\$ 813,671</u>	<u>\$ 2,126,904</u>	<u>\$ 2,289,396</u>	<u>\$ 3,381,835</u>
Primary government								
Net investment in capital position	\$ 2,678,788	\$ 2,813,197	\$ 2,826,409	\$ 2,790,070	\$ 2,712,410	\$ 7,015,243	\$ 7,069,775	\$ 13,328,258
Restricted	2,416,611	2,513,955	2,470,590	1,946,055	1,965,382	2,300,800	3,033,030	4,446,612
Unrestricted	374,444	282,981	693,746	1,682,994	1,465,523	2,048,809	2,474,777	2,986,597
Total primary government net assets	<u>\$ 5,469,843</u>	<u>\$ 5,610,133</u>	<u>\$ 5,990,745</u>	<u>\$ 6,420,119</u>	<u>\$ 6,143,315</u>	<u>\$ 11,364,852</u>	<u>\$ 12,577,582</u>	<u>\$ 20,761,467</u>

Source: Statement Net Position

TOWN OF ARGYLE, TEXAS
 CHANGES IN NET POSITION, LAST EIGHT FISCAL YEARS
 (accrual basis of accounting)

B-2

Expenses	Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:								
General Government	\$ 794,294	\$ 978,269	\$ 754,240	\$ 800,749	\$ 815,471	\$ 991,022	\$ 881,297	\$ 1,060,987
Public Safety	1,003,364	958,537	977,878	934,970	1,036,907	859,878	1,084,847	1,384,772
Municipal Court	136,692	149,083	168,701	125,067	138,908	88,206	90,276	105,139
Public Works	551,604	478,195	546,050	519,611	664,592	704,603	868,327	1,804,747
Development Services	188,510	240,333	260,348	291,735	328,032	275,464	338,244	498,067
Interest on Long Term Debt	228,495	228,794	226,347	216,600	201,061	192,831	185,099	177,996
Total governmental activities expenses	<u>2,902,959</u>	<u>3,033,211</u>	<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>
Business-type activities:								
Wastewater utility	348,440	388,921	372,228	463,095	484,468	512,434	383,849	402,521
Total business-type activities expenses	<u>348,440</u>	<u>388,921</u>	<u>372,228</u>	<u>463,095</u>	<u>484,468</u>	<u>512,434</u>	<u>383,849</u>	<u>402,521</u>
Total primary government expenses	<u>\$ 3,251,399</u>	<u>\$ 3,422,132</u>	<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>
Program Revenues								
Governmental activities:								
Charges for services:								
General Government	\$ 755	\$ 8,877	\$ 9,560	9,027	9,593	26,827	2,562	541,127
Public Safety	16,225	15,714	16,001	238	1,023	550	664	-
Municipal Court	289,513	227,841	270,421	135,168	239,813	289,463	309,913	337,811
Public Works	43,057	91,606	107,550	158,526	96,989	100,503	173,809	44,030
Development Services	192,009	237,805	284,534	313,151	366,651	307,832	420,272	150,040
Operating grants and contributions	20,845	102,271	25,807	57,909	55,032	60,187	45,959	14,633
Capital grants and contributions	14,132	18,322	1,350	11,808	2,878	1,772,418	-	4,724,210
Total governmental activities program revenues	<u>576,536</u>	<u>702,436</u>	<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>
Business-type activities:								
Charges for services:								
Wastewater utility	275,991	287,711	307,798	351,202	361,970	404,028	422,141	662,468
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	34,250	19,623	87,306	221,490	48,018	1,103,911	92,374	812,764
Total business-type activities program revenues	<u>310,241</u>	<u>307,334</u>	<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>
Total primary government program revenues	<u>\$ 886,777</u>	<u>\$ 1,009,770</u>	<u>\$ 1,110,327</u>	<u>\$ 1,258,519</u>	<u>\$ 1,181,968</u>	<u>\$ 4,065,719</u>	<u>\$ 1,467,692</u>	<u>\$ 7,287,083</u>
Net (Expense) Revenue								
Governmental Activities	\$ (2,326,423)	\$ (2,330,775)	\$ (2,218,341)	(2,202,905)	(2,412,992)	(554,224)	(2,494,913)	780,143
Business-type Activities	(38,199)	(81,587)	22,876	109,597	(74,479)	995,505	130,666	1,072,711
Total Primary government net expense	<u>\$ (2,364,622)</u>	<u>\$ (2,412,362)</u>	<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>
General Revenues								
and Other Changes in Net Position								
Governmental Activities:								
Taxes								
Property Taxes	\$ 1,629,515	\$ 1,748,106	\$ 1,665,290	1,708,885	1,838,958	2,079,623	2,252,713	2,531,290
Sales Taxes	364,670	357,641	391,252	461,162	498,650	620,659	779,909	1,366,439
Franchise Taxes	337,114	329,781	336,248	368,632	388,363	375,826	387,457	392,400
Interest	108,867	74,933	76,595	40,626	23,370	26,199	46,681	117,016
Intergovernmental	-	-	-	-	-	-	-	500,000
Miscellaneous	38,517	25,893	67,974	7,409	457	49,172	29,329	29,202
Transfers in (out)	-	-	23,000	-	28,300	28,300	72,895	-
Total Governmental Activities	<u>2,478,683</u>	<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>
Business-type Activities:								
Interest Earnings	17,387	16,298	15,719	8,424	4,782	5,197	7,993	19,728
Transfers in (out)	-	-	-	-	15,870	54,859	-	-
Total Business-type Activities	<u>17,387</u>	<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>
Total Primary Government	<u>\$ 2,496,070</u>	<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>
Change in Net Position								
Governmental Activities	\$ 152,260	\$ 205,579	\$ 342,018	\$ 383,809	\$ 365,105	\$ 2,625,554	\$ 1,074,071	\$ 5,716,490
Business-type Activities	(20,812)	(65,289)	38,595	118,021	(53,827)	1,055,561	138,659	1,092,439
Total Primary Government	<u>\$ 131,448</u>	<u>\$ 140,290</u>	<u>\$ 380,613</u>	<u>\$ 501,830</u>	<u>\$ 311,278</u>	<u>\$ 3,681,115</u>	<u>\$ 1,212,730</u>	<u>\$ 6,808,929</u>

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

B-3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Unassigned	\$ 663,136	\$ 927,459	\$ 1,093,107	\$ 1,116,794	\$ 1,365,298	\$ 1,680,523	\$ 1,919,158	\$ 2,257,770	\$ 2,421,514	\$ 2,427,523
Reserved for other *	-	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 663,136</u>	<u>\$ 927,459</u>	<u>\$ 1,093,107</u>	<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>
All Other Governmental Funds										
Restricted for:										
Capital Projects	\$ 175,565	\$ 208,604	\$ 1,469,423	\$ 1,196,647	\$ 947,574	\$ 166,424	\$ 147,433	\$ 247,287	\$ 804,521	\$ 194,107
Debt Service	188,822	164,250	130,797	142,431	124,106	122,312	126,536	158,368	203,279	227,264
Street Maintenance	199,888	274,971	298,011	303,016	305,662	261,292	266,958	301,846	433,253	525,155
Capital funds	79,315	94,917	140,502	235,915	349,532	512,535	612,663	717,157	897,966	1,064,993
Economic Development	-	-	-	-	-	-	-	-	-	1,417,534
Assigned to:										
Equipment replacement	26,565	8,636	8,837	31,510	74,911	59,666	34,242	55,798	95,747	117,438
Crime Control	-	-	-	-	-	-	-	-	-	293,930
Unassigned, reported in:										
Special revenue funds	279,327	254,986	275,767	247,926	281,662	313,568	342,295	417,516	202,870	195,795
Total all other governmental funds	<u>\$ 949,482</u>	<u>\$ 1,006,364</u>	<u>\$ 2,323,337</u>	<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>
Total fund balances	<u>\$ 1,612,618</u>	<u>\$ 1,933,823</u>	<u>\$ 3,416,444</u>	<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>

*Includes prepaid items, inventory and encumbrances

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

B-4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:										
General Property Taxes	1,511,906	1,602,701	1,634,314	1,760,989	1,656,152	1,709,472	1,831,513	2,078,389	2,210,993	2,529,268
Sales Tax	309,492	336,952	364,670	357,641	391,252	461,162	498,650	620,659	779,909	1,351,975
Franchise Tax	308,422	322,630	337,114	329,781	336,248	368,632	388,363	375,826	387,457	403,452
Building permits & fees	197,639	285,394	192,009	237,805	284,534	313,151	366,651	307,832	420,272	541,127
Park development fees	25	7,535	15,010	8,299	9,133	24,069	33,999	39,502	35,924	44,030
Municipal court fines	318,832	226,440	296,492	241,540	270,421	135,168	239,813	289,463	309,913	337,811
Roadway impact fees	21,053	17,988	43,057	91,606	107,550	158,526	96,989	100,503	173,809	150,040
Contributions	-	-	-	-	-	-	-	-	1,593	14,633
Intergovernmental	12,000	12,000	15,000	15,000	15,000	-	-	-	-	500,000
Interest	56,499	71,467	108,063	75,280	76,996	39,691	22,206	25,045	45,528	117,016
Intragovernmental	-	-	1,871	-	-	-	-	-	-	-
Miscellaneous	(40,897)	42,332	21,897	147,430	49,062	34,222	38,019	98,389	32,349	15,152
Total Revenues	2,694,971	2,925,439	3,029,497	3,265,371	3,196,348	3,244,093	3,516,203	3,935,607	4,397,746	6,004,504
EXPENDITURES:										
General Government	683,775	661,600	669,725	808,164	588,284	636,686	791,846	862,148	745,971	-
Public Safety	808,161	866,448	945,562	950,366	969,916	861,473	1,028,287	952,918	1,051,060	-
Municipal Court	76,950	100,071	135,543	148,033	169,281	125,790	95,758	90,757	90,034	-
Public Works	455,856	521,343	2,819,746	405,289	417,662	397,652	417,235	597,900	643,910	-
Development Services	200,587	177,489	186,443	238,625	242,235	290,471	341,880	278,259	339,088	-
Capital outlay:										
General Government	932,759	815,532	-	30,932	-	-	-	-	-	-
Public Safety	5,992	14,462	-	-	26,573	39,809	49,321	-	-	-
Public Works	49,028	-	-	389,457	182,646	812,642	26,327	-	222,168	-
Debt Service-										
Principal Retirement	175,000	190,000	205,000	200,000	220,000	220,000	257,000	281,000	285,000	-
Interest and Fiscal Charges	80,748	113,941	223,101	235,610	227,355	219,496	201,100	193,718	185,994	-
Paying Agent Fees	15,801	20,347	49,259	1,100	891	800	2,787	750	4,011	-
Total Expenditures	3,484,657	3,481,233	5,234,379	3,407,576	3,044,843	3,604,819	3,211,539	3,257,449	3,567,235	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(789,686)	(555,794)	(2,204,882)	(142,205)	151,505	(360,726)	304,664	678,158	830,511	6,004,504
OTHER FINANCING SOURCES (USES):										
Transfers In (out)	13,000	77,000	-	-	23,000	28,300	28,300	28,300	72,895	-
Bond Proceeds	1,010,000	800,000	3,664,471	-	-	-	-	-	-	-
Grants; Sale of Assets; Other	-	-	23,030	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	531,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(510,000)	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	(21,000)	-	-	-	-
Total Other Financing Sources (Uses)	1,023,000	877,000	3,687,501	-	23,000	28,300	28,300	28,300	72,895	-
NET CHANGE IN FUND BALANCES	233,314	321,206	1,482,619	(142,205)	174,505	(332,426)	332,964	706,458	903,407	6,004,504
Debt service as a percentage of noncapital expenditures	7.9%	9.3%	9.1%	14.5%	15.7%	15.8%	14.5%	14.6%	14.2%	#DIV/0!

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 Assesed Value	Total Direct Tax Rate
	Real Property	Personal Property	Tax-Exempt Property		
2009	570,134,746	16,947,890	\$ (182,660,852)	\$ 404,421,784	0.38500
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

Source: Town Finance Department

TOWN OF ARGYLE, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)
 Last Fourteen Fiscal Years

C-2

Fiscal Year	Town Direct Rates			Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct	Argyle Independent School District	Denton County	Argyle Emergency Services District	Total Rate
2005	0.32230	0.08080	0.40310	1.91950	0.24648	N/A	2.56908
2006	0.31500	0.07088	0.38588	1.76943	0.23192	N/A	2.38723
2007	0.31860	0.06640	0.38500	1.41005	0.23589	N/A	2.03094
2008	0.31860	0.06640	0.38500	1.41005	0.23577	N/A	2.03082
2009	0.33260	0.05240	0.38500	1.41005	0.24980	N/A	2.04485
2010	0.31945	0.06555	0.38500	1.44005	0.27390	0.10000	2.19895
2011	0.31945	0.07805	0.39750	1.46005	0.27740	0.10000	2.23495
2012	0.31945	0.07805	0.39750	1.48005	0.28287	0.10000	2.26042
2013	0.31945	0.07805	0.39750	1.48005	0.28287	0.10000	2.26042
2014	0.31945	0.07805	0.39750	1.47505	0.28901	0.10000	2.26156
2015	0.31945	0.07805	0.39750	1.57005	0.27220	0.10000	2.33975
2016	0.30445	0.09305	0.39750	1.57005	0.26200	0.10000	2.32955
2017	0.30011	0.09739	0.39750	1.57005	0.24841	0.09982	2.31578
2018	0.30011	0.09739	0.39750	1.58505	0.23781	0.09982	2.32018

Source: Denton County Appraisal District and Town records.

Note: Tax rates are per \$100 of assessed value.

TOWN OF ARGYLE, TEXAS
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Eleven Fiscal Years (dollars in thousands, except per capita)

D-1

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligations	Total		
2008	640,000	760,000	1,400,000	0.004	444
2009	505,000	1,730,000	2,235,000	0.006	698
2010	365,000	2,480,000	2,845,000	0.007	875
2011	225,000	6,065,000	6,290,000	0.014	1,917
2012	115,000	5,975,000	6,090,000	0.015	1,818
2013	-	5,870,000	5,870,000	0.014	1,716
2014	531,000	5,140,000	5,671,000	0.012	1,620
2015	474,000	4,940,000	5,414,000	0.011	1,428
2016	418,000	4,715,000	5,133,000	0.010	1,344
2017	363,000	4,485,000	4,848,000	0.008	1,237
2018	304,000	4,120,000	4,424,000	0.007	1,095

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.

TAXPAYER NAME	2018		2011	
	Rank	Taxable Value	Rank	Taxable Value
The Lakes of Argyle, LLC	1	\$ 5,375,388		
Waterbrook Commercial Investors	2	\$ 5,312,494		
MCR Landau, LLC	3	\$ 5,067,259		
US Trinity Holdings, LLC	4	\$ 3,722,254		
Fern Hill Village Apartments	5	\$ 3,075,000	3	\$ 2,450,433
Our Country Homes, Inc.	6	\$ 3,072,759		
Professional Depot LTD	7	\$ 2,999,896	2	\$ 3,370,766
AT&T Mobility, LLC	8	\$ 2,724,880		
Hillwood O & G Operating Co., LP	9	\$ 2,451,725		
Argyle 5T Ranch, LLC	10	\$ 2,432,983		
Total		<u>\$36,234,638</u>		

Source: Taken from Official Statement for Denton County Appraisal District

TOWN OF ARGYLE, TEXAS
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
 Last Ten Fiscal Years

F-1

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	5.0	5.5	6.0	6.0	6.0	6.0	5.0	6.0	5.0	5.5
Development Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	3.0
Public Safety	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.5	11	11
Public Works	4.25	4.75	5.25	5.25	5.25	5.5	5.5	4.5	5.5	5.5
Wastewater	1.75	1.75	1.75	1.75	1.75	1.5	1.5	2.5	1.5	1.5
Total	22.0	23.0	24.0	24.0	24.0	24.0	23.0	23.5	25.0	26.5

Source: Town Budget Office