

# TOWN OF ARGYLE, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

PREPARED BY KIM COLLINS, DIRECTOR OF FINANCE



**Donald Moser**  
Mayor

**Matthew Jones**  
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, 2017**

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March 15, 2018

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 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, 2017 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, 2017, 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, 2017 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 13 square miles and has a current population of approximately 3,950, 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. 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 six consecutive Lone Star Cups and eight overall, making them the consistent number one 4A school district in Texas. Liberty Christian Schools, also located in Argyle, was recently named the #1 private school in the state of Texas by the Texas Association of Private and Parochial Schools (TAPPS). Both schools continue to attract residents to the Town.

Residential building permit activity remains steady. In 2017, 40 permits were issued, compared with 37 permits issued in 2016 and 44 permits issued in 2015. Staff anticipates a jump in building permit activity in 2018 as several new developments will begin new home construction. Although we do anticipate building permit numbers to increase, staff will take a conservative approach to determining 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 summer of 2018. The Lakes of Argyle is nearing completion of construction and represents 139 single-family residential lots at build-out. Staff anticipates seeing building permits beginning in the summer of 2018. 5T Ranch has completed construction on Phase I and has also begun construction on Phase II of the project. 5T includes 90 single-family residential lots with 19 building permits issued to date. The Oaks residential subdivision has only 29 lots remaining out of its total of 107 single-family lots before it reaches build out. Residential permits for large estate homes remains steady.

Currently, there are two large master planned residential communities outside the Town's limits, but within portions of the Town of Argyle, 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 begin to be issued in 2018.

Local option sales and use tax revenue continues to exceed budget projections. 2017 saw the opening of a new restaurant and the CVS Pharmacy which resulted in a boost to sales tax revenue. In 2018 we will welcome 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. Construction on this facility is nearing completion and is anticipated to open in 2018. The town can anticipate bringing in additional sales tax revenues as well as adding an estimated \$2,750,000 to the overall ad valorem value.

Two important projects are taking place for the Town of Argyle in 2018. The first project is the construction of the S-1 Sanitary Sewer line and Lift Station project. The Argyle Economic Development Corporation (EDC) funded the first design phase for the Town's "S-1" sewer line, which ultimately provides the Town capacity for sewer service in the southeast quadrant of the Town, sending those flows to the Trinity River Authority (TRA) Treatment Plant. The developer of the Waterbrook project will be responsible for the easement acquisition and construction of both the gravity line, force main and the lift station. Easement acquisition is nearly complete and construction of the S-1 line will begin in the early spring of 2018.

The second project is the construction of the first park in Argyle. The Town of Argyle submitted a grant application to the Texas Parks and Wildlife Department (TPWD), Local Parks Non-Urban Outdoor Grant Program to make essential renovations and improvements to park and ballfield facilities located at the Argyle Intermediate School, encompassing approximately fifteen (15) acres, a portion of which is located in the 100-year floodplain in partnership with Argyle ISD. Improvements include, but are not limited to, additional playground/recreation equipment and facilities, walking trails, benches, picnic tables and pavilion enhancements. In March 2016 the Texas Parks and Wildlife Commission approved the funding for the Town of Argyle, Local Parks Non-Urban Outdoor grant application. The award provides a \$500,000 matching grant on a reimbursement basis. Construction began on the park in 2017 and will be completed in the spring of 2018. The Town plans to take advantage of the new park having two community events to take place at the park already being planned for 2018.

## **Budget**

The Fiscal Year (FY) 2017 adopted General Fund expenditures rose 27% over FY 2016. This large increase is explained by the \$500,000 draw down of fund balance for the Town's matching portion of the park construction. When the effect of this transfer is removed, the increase is 9.45% over FY 2016. Much of the remaining difference is reflected in compensation adjustments. Police and key staff positions' compensation were brought in line with comparable cities upon the conclusion of a salary survey. Additionally, a police officer position was created and a public works position was added half way through the year. We continued transfers to the Building Maintenance Fund and the Equipment Replacement Fund. FY 2017 revenues were budgeted to out-pace FY 2016 by 12.3%. The components of this increase are higher Ad Valorem revenue, and increased sales tax receipts primarily. There were small increases in municipal court revenues and development fees. Additionally, there was \$41,193 in new transfers in from Crime Control Prevention District to help fund officer pay increases. FY 2017 closed the year with 10.26% excess revenue over budget. During the FY 2018 budget process, Council approved additional expenditures for excess FY 2017 fund balance. These included the following: \$26,500 for hail protection canopy at the PD; \$22,500 to video and live stream Town Council meetings; \$42,000 to upgrade the records management system; and \$36,125 for a PW

truck replacement. The 2017 (FY 2018 Budget) certified taxable values increased to \$619,433,331 over 2016 taxable values. The 15.87% increase is a combination of new value added, land value increases of 16.76%, and a 5.35% appreciation in existing home values. The property tax rate adopted for FY 2017 remained \$0.3975 per \$100 of assessed value for the 7<sup>th</sup> 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 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 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 constantly 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.

## **Acknowledgements**

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,



Matthew Jones  
Town Manager



Kim Collins  
Director of Finance

## **Town of Argyle, Texas**

### List of Elected and Appointed Officials

September 30, 2017

#### Elected Officials

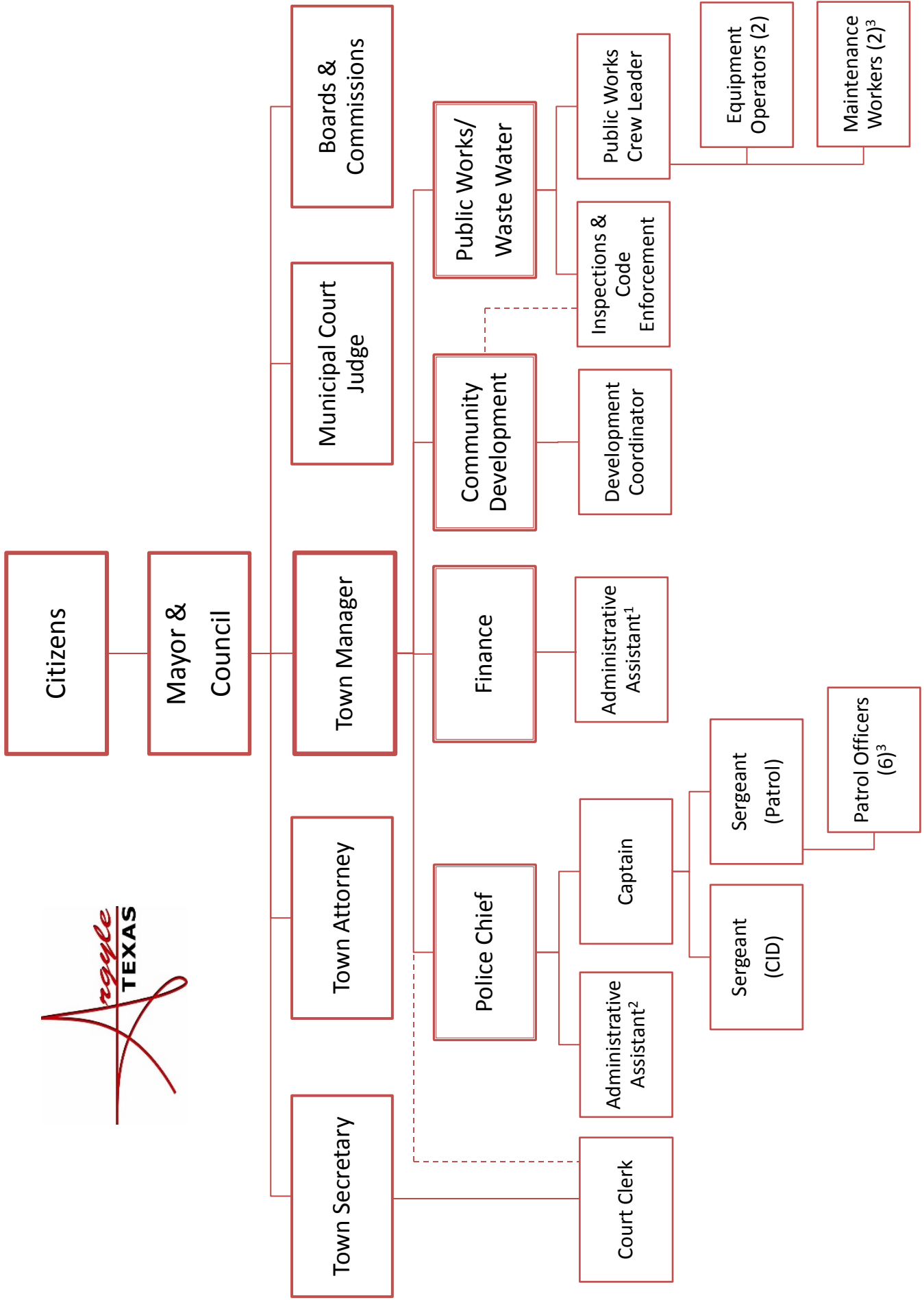
Mayor	Donald Moser
Council Member – Place 1	Joey Hasty
Council Member – Place 2	Ron Schmidt
Council Member – Place 3	Jon Donahue
Council Member – Place 4	Todd Mankin
Council Member – Place 5	Marla Hawkesworth

#### Appointed Officials

Town Manager	Matthew Jones
Town Secretary	Kristi Gilbert

#### Department Directors

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



## **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, 2017, 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, 2017, 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 12-18 and 53-57 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 82/87 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 March 20, 2018 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. Mail & Associates, P.C.*

Richardson, Texas  
March 20, 2018

## **TOWN OF ARGYLE MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2017. 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 \$12,577,582.
- Unrestricted net position at the close of the fiscal year is \$2,474,777 and may be used to meet the Town's ongoing/unallocated obligations to citizens and creditors.
- The Town's total net position increased by \$1,212,730 as a result of: 1) an increase in net position of \$1,050,238 for the governmental activities and 2) an increase in net position of \$162,492 for the business-type activities. There were prior period adjustments in both the business-type activities and the governmental activities which had a net effect of zero on the Town's total net position. The adjustment illustrates the movement of all pension related inflows and outflows from the proprietary fund to the government wide statements to accurately reflect where the salaries are paid.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,059,150. The fund balances increased by an amount of \$903,407. Of the total fund balance, \$2,421,514 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 \$2,421,514, or 70% of total FY18 General Fund budgeted expenditures.
- The net decrease to the Town's total long term liabilities was \$350,328 (5.35%) during the current fiscal year. This decrease was a result of all debt obligations being made in full and on time.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Government-wide financial statements provide an analysis of the Town's overall financial condition and operation. The primary objective of these statements is to show

whether the Town's financial condition has improved or deteriorated as a result of the year's activities.

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

All 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 66% 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 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 \$12,577,582 at the end of fiscal year 2017.

TABLE I NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 5,605,063	\$ 4,555,336	\$ 1,021,772	\$ 918,331	\$ 6,626,836	\$ 5,473,667
Capital assets, net of accumulated depreciation	10,489,315	10,631,466	2,481,813	2,556,632	12,971,127	13,188,098
Total assets	16,094,378	15,186,802	3,503,585	3,474,963	19,597,963	18,661,765
Deferred outflows of resources	323,731	450,214	-	15,766	323,731	465,980
Current payables & other liabilities	345,717	219,877	33,347	37,828	379,064	257,705
LT bonds,pension liability & escrows	5,729,542	6,068,614	1,180,842	1,320,544	6,910,384	7,389,158
Total liabilities	6,075,259	6,288,491	1,214,189	1,358,373	7,289,448	7,646,864
Deferred inflows of resources	54,664	110,577	-	5,453	54,664	116,030
Net position						
Net investment in capital position	5,654,315	5,512,466	1,415,460	1,502,777	7,069,775	7,015,243
Restricted for:						
Debt retirement	203,279	158,368	-	-	203,279	158,368
Capital improvements	804,521	247,287	395,395	402,828	1,199,916	650,116
Street maintenance	433,253	301,846	-	-	433,253	301,846
Impact Fees	897,966	717,157	-	-	897,966	717,157
Other specific purposes	298,616	473,314	-	-	298,616	473,314
Unrestricted	1,996,236	1,827,510	478,541	221,298	2,474,777	2,048,809
Total net position	\$ 10,288,186	\$ 9,237,948	\$ 2,289,396	\$ 2,126,904	\$ 12,577,582	\$ 11,364,852

Fifty six percent (56%) (\$7,069,775 / \$12,577,582) 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.

An additional portion of the Town's net position, (24%) (\$3,033,030 / 12,577,582), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted/unallocated net position*, \$2,474,777, may be used to meet the Town's ongoing obligations to citizens and creditors.

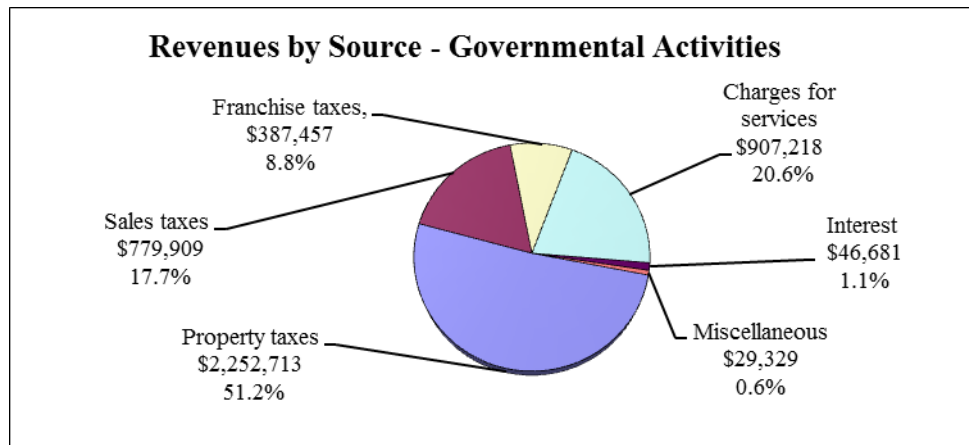
## Government-wide Statement of Activities

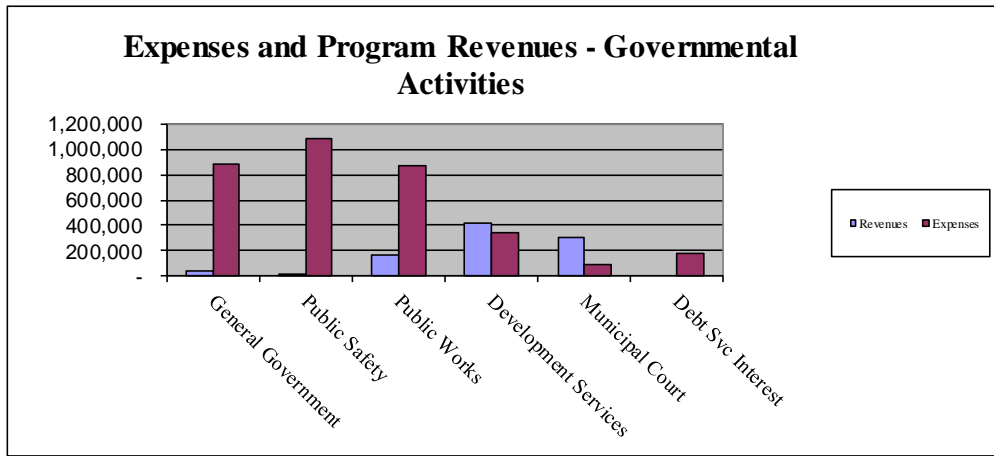
TABLE II  
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 907,218	\$ 725,176	\$ 422,141	\$ 404,028	\$ 1,329,359	\$ 1,129,203
Operating grants and contributions	45,959	60,187	-	-	45,959	60,187
Capital grants and contributions	-	1,772,418	92,374	1,103,911	92,374	2,876,329
General revenues						
Property taxes	2,252,713	2,079,623	-	-	2,252,713	2,079,623
Franchise taxes	387,457	375,826	-	-	387,457	375,826
Sales taxes	779,909	620,659	-	-	779,909	620,659
Intergovernmental	-	-	-	-	-	-
Interest	46,681	26,199	7,993	5,197	54,674	31,396
Miscellaneous	29,329	49,172	-	-	29,329	49,172
Total revenues	4,449,266	5,709,259	522,508	1,513,136	4,971,774	7,222,395
<b>Expenses:</b>						
General government	881,297	991,022	-	-	881,297	991,022
Public safety	1,084,847	859,878	-	-	1,084,847	859,878
Public works	868,327	704,603	-	-	868,327	704,603
Development services	338,244	275,464	-	-	338,244	275,464
Municipal court	90,276	88,206	-	-	90,276	88,206
Interest on long term debt	185,099	192,831	-	-	185,099	192,831
Wastewater utilities	-	-	383,849	512,434	383,849	512,434
Total expenses	3,448,091	3,112,005	383,849	512,434	3,831,939	3,624,439
Increase (decrease) in net assets before transfers	1,001,175	2,597,254	138,659	1,000,702	1,139,834	3,597,956
Net transfers	49,062	28,300	23,833	54,859	72,895	83,159
Increase (decrease) in net position	1,050,237	2,625,554	162,492	1,055,561	1,212,729	3,681,115
Net position - beginning	9,237,948	6,612,394	2,126,904	1,071,343	11,364,852	7,683,737
Net position - ending	\$ 10,288,186	\$ 9,237,948	\$ 2,289,396	\$ 2,126,904	\$ 12,577,581	\$ 11,364,852

### Governmental Activities

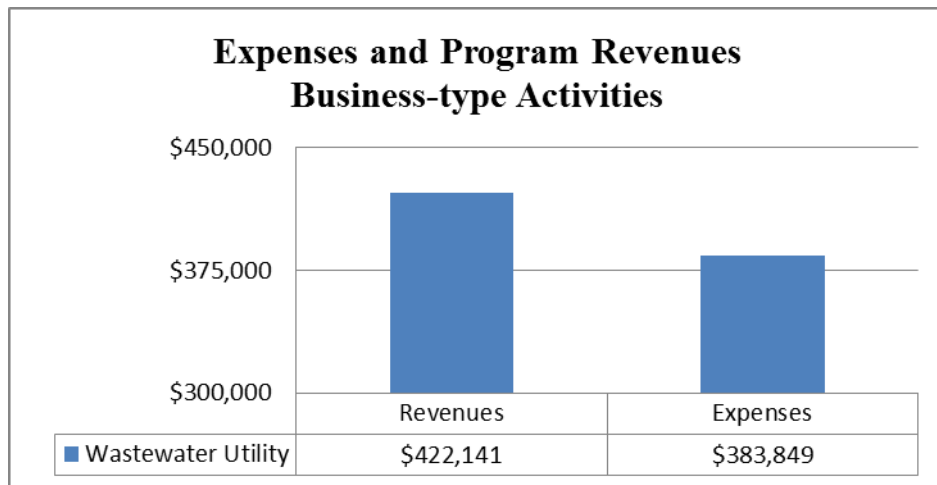
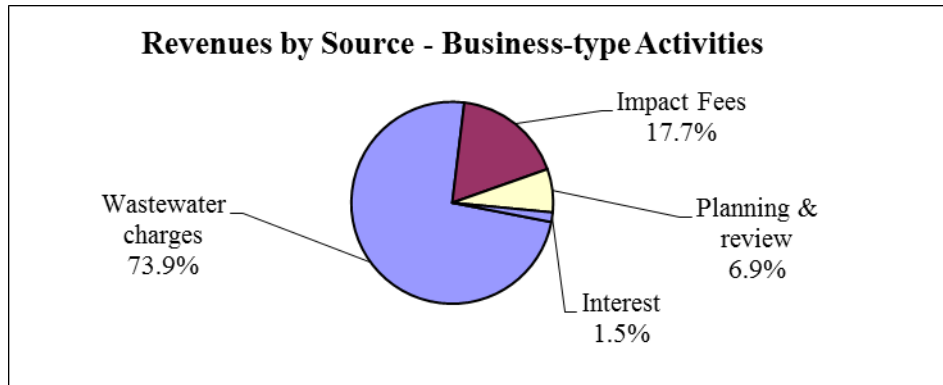
Governmental activities increased the net position of the Town by \$1,074,071. This increase was a combination of a capital purchases and an increase in revenue due to budgeted revenues exceeding budgeted expenses in the fiscal year. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$1,996,236 for governmental activities.





### Business-type Activities

Business-type activities increased the net position of the Town by \$162,492.



## 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 \$5,059,149. This represents an increase of \$903,407 from the prior fiscal year.

Revenues for the Town's general fund were \$3,448,792, while total expenses before transfers were \$2,799,110. Additional expenses include budgeted transfers from the General Fund of \$20,000 to the Equipment Replacement Fund, a \$25,000 transfer to the Building Replacement Fund, and a \$500,000 transfer to the Capital Improvements Fund for the Town's 50% match to the Texas Parks & Wildlife Grant. As a result of higher actual over budgeted revenues, and lower actual over budgeted expenditures, the General Fund had a net increase to fund balance of \$163,744 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 224,206	\$ 224,206	\$ -	\$ -	\$ 224,206	\$ 224,206
Construction in progress	1,155,591	1,362,827	712,717	854,950	1,868,308	2,217,778
Buildings and improvements	922,836	1,050,877	-	-	922,836	1,050,877
Infrastructure	7,685,145	7,470,115	-	-	7,685,145	7,470,115
Intangibles	160,551	202,487	-	-	160,551	202,487
Vehicles and equipment	340,985	320,953	3,113	4,287	344,099	325,240
Graveyard branch collection system	-	-	408,637	425,783	408,637	425,783
Wastewater system	-	-	1,357,345	1,271,612	1,357,345	1,271,612
Total	<u>\$ 10,489,315</u>	<u>\$ 10,631,466</u>	<u>\$ 2,481,813</u>	<u>\$ 2,556,632</u>	<u>\$ 12,971,127</u>	<u>\$ 13,188,098</u>

The Town's investment in capital assets for all activities as of September 30, 2017 is \$12,971,127, compared to \$13,188,098 at September 30, 2016. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, intangibles, vehicles and equipment, and wastewater systems. The total decrease in the Town's investment in capital assets for the current fiscal year was \$216,971.

Government-wide capital assets decreased \$142,151 over FY16. The decrease is a combination of current period infrastructure additions (developer contributed), vehicle and equipment additions and dispositions, and annual depreciation expense (\$511,817). Some of the vehicle and equipment additions at the end of FY17 were made possible by reallocation of excess revenue over expenditures during the FY18 budget process. These expenditures included a public works utility truck, upgrade of document management software, and establishment of council video capabilities.

Business-type activities assets decreased \$74,819 over FY16. The decrease is a combination of the annual depreciation expense of (\$79,366) and minimal capital purchases and dispositions. See *Notes to Financial Statements* for more detailed information on capital asset activity.

## **Long-term Debt**

TABLE IV  
TOWN OF ARGYLE OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Bonds payable	\$ 4,848,000	\$ 5,133,000	\$ 1,000,000	\$ 1,060,000	\$ 5,848,000	\$ 6,193,000
Notes payable	-	-	180,842	226,398	180,842	226,398
Compensated absences	175,338	135,110	-	-	175,338	135,110
	<u>\$ 5,023,338</u>	<u>\$ 5,268,110</u>	<u>\$ 1,180,842</u>	<u>\$ 1,286,398</u>	<u>\$ 6,204,180</u>	<u>\$ 6,554,509</u>

At September 30, 2017, the Town had bonds payable, notes payable and accrued compensated absences outstanding of \$6,204,180. Principal payments totaled \$390,556, and all payments were made on or before their due dates. 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 2017 was \$2,421,514. Fund balance is currently 254 days, well above the stated balance of 120 days in the Town's Financial Policies. The fiscal year 2016-2017 budget was based on the prevailing property tax rate of \$.3975 per \$100 of valuation.

The FY 2018 General Fund budgeted expenditures decreased by 4.16% or \$150,817 over the FY 2017 adopted budget. This decrease is primarily due to the \$500,000 draw down of fund balance in FY 2017 for the Town's matching portion of the Texas Parks and Wildlife grant received in FY 2016 which will be used to build a park and ballfields. When the effect of this transfer is removed, the increase is 11.2% over FY 2017. Much of the increase is attributable to the compensation study and corresponding pay adjustments made in FY 2017. FY 2018 is the first full year of adjustments which include increasing police pay, adjustment of director positions to the average minimum of comparable cities, and the creation of a new police officer position and new maintenance worker position. The essential services funded are relatively unchanged from FY 2017. The budget reflects a transfer to the Equipment Replacement Fund in the amount of \$20,000.

FY 2018 (tax year 2017) property tax revenue was based on ad valorem values which rose 15.87% over the previous year. This increase is a combination of new value added, increased land values of 16.76% and a 5.35% 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.

**Town of Argyle, Texas  
Statement of Net Position  
September 30, 2017**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Crime Control & Prevention District
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,263,290	\$ 689,761	\$ 4,953,051	\$ 1,092,245	\$ 201,019
Receivables (net of allowance for uncollectibles)	443,808	51,106	494,914	55,378	27,094
Restricted cash and cash equivalents:					
Impact fee eligible capital improvements	897,966	280,905	1,178,871	-	-
Capital assets not being depreciated:					
Land	224,206		224,206	-	-
Construction in progress	1,155,591	712,717	1,868,308	-	-
Capital assets (net of accumulated depreciation):			-		
Buildings and improvements	922,836	-	922,836	-	-
Infrastructure	7,685,145	-	7,685,145	-	-
Vehicles and equipment	340,985	3,113	344,099	-	-
Intangible assets	160,551	-	160,551	-	-
Wastewater system	-	1,765,982	1,765,982	-	-
Total assets	<u>16,094,378</u>	<u>3,503,585</u>	<u>19,597,962</u>	<u>1,147,624</u>	<u>228,113</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow - pension contributions	166,664	-	166,664	-	-
Deferred outflow - actuarial pension losses	144,067	-	144,067	-	-
Deferred charge on refunding	13,000	-	13,000	-	-
Total deferred outflows of resources	<u>323,731</u>	<u>-</u>	<u>323,731</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	145,804	10,802	156,606	-	780
Accrued and other payables	37,526	-	37,526	-	-
Escrow	141,374				
Accrued interest payable	21,013	22,545	43,558	-	-
Non-current liabilities:					
Due within one year	470,734	108,147	578,881	-	-
Developer escrow	29,468	-	29,468	-	-
Net pension liability	676,736	-	676,736	-	-
Due in more than one year	4,552,604	1,072,695	5,625,299	-	-
Total liabilities	<u>6,075,259</u>	<u>1,214,189</u>	<u>7,148,074</u>	<u>-</u>	<u>780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow - actuarial pension gain	54,664	-	54,664	-	-
Total deferred inflow of resources	<u>54,664</u>	<u>-</u>	<u>54,664</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	5,654,315	1,415,460	7,069,775	-	-
Restricted for:					
Capital improvements	804,521	395,395	1,199,916	-	-
Street maintenance	433,253	-	433,253	-	-
Building maintenance	35,211	-	35,211	-	-
Impact fees	897,966	-	897,966	-	-
Equipment replacement	95,747	-	95,747	-	-
Municipal court	42,389	-	42,389	-	-
Police	30,292	-	30,292	-	-
Debt service	203,279	-	203,279	-	-
Community projects	94,978	-	94,978	-	-
Unrestricted	1,996,236	478,541	2,474,777	1,147,624	227,332
Total net position	<u>\$ 10,288,186</u>	<u>\$ 2,289,396</u>	<u>\$ 12,577,582</u>	<u>\$ 1,147,624</u>	<u>\$ 227,332</u>

The accompanying notes are an integral part of this statement.

**Town of Argyle, Texas  
Statement of Activities  
For the Year Ended September 30, 2017**

<u>Functions/programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 881,297	\$ 2,562	\$ 37,517	\$ -
Public safety	1,084,847	664	8,442	-
Municipal Court	90,276	309,913	-	-
Public Works	868,327	173,809	-	-
Development Services	338,244	420,272	-	-
Interest expense	185,099	-	-	-
Total governmental activities	<u>3,448,091</u>	<u>907,218</u>	<u>45,959</u>	<u>-</u>
Business-type activities:				
Wastewater utility	383,849	422,141	-	92,374
Total business-type activities	<u>383,849</u>	<u>422,141</u>	<u>-</u>	<u>92,374</u>
Total Primary Government	<u>\$ 3,831,939</u>	<u>\$ 1,329,359</u>	<u>\$ 45,959</u>	<u>\$ 92,374</u>
<b>Component unit:</b>				
Economic Development Corporation	79,086	-	-	-
Crime Control & Prevention	59,011	-	-	-
Total Component Units	<u>\$ 138,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Sales taxes  
Franchise taxes  
Interest  
Intergovernmental  
Miscellaneous  
Transfers in (out)  
    Total general revenues and transfers  
    Change in net position  
Net position - beginning  
Net position - ending

The accompanying notes are an integral part of this statement.

Town of Argyle, Texas  
Statement of Activities  
For the Year Ended September 30, 2017

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Primary Government			Economic	Crime Control &
Governmental	Business-type	Total	Development	Prevention
Activities	Activities		Corporation	District
\$ (841,218)	\$ -	\$ (841,218)	-	-
(1,075,741)	-	(1,075,741)	-	-
219,636	-	219,636	-	-
(694,519)	-	(694,519)	-	-
82,027	-	82,027	-	-
(185,099)	-	(185,099)	-	-
<u>(2,494,913)</u>	<u>-</u>	<u>(2,494,913)</u>	<u>-</u>	<u>-</u>
-	130,666	130,666	-	-
-	130,666	130,666	-	-
<u>(2,494,913)</u>	<u>130,666</u>	<u>(2,364,247)</u>	<u>-</u>	<u>-</u>
-	-	-	(79,086)	-
-	-	-	-	(59,011)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,086)</u>	<u>\$ (59,011)</u>
2,252,713	-	2,252,713	-	-
779,909	-	779,909	308,319	150,089
387,457	-	387,457	-	-
46,681	7,993	54,674	7,650	1,706
-	-	-	-	-
29,329	-	29,329	9,287	575
49,062	23,833	72,895	(28,000)	(44,895)
<u>3,545,151</u>	<u>31,826</u>	<u>3,576,977</u>	<u>297,256</u>	<u>107,475</u>
1,050,237	162,492	1,212,730	218,170	48,464
9,237,948	2,126,904	11,364,852	929,454	178,868
<u>\$ 10,288,186</u>	<u>\$ 2,289,396</u>	<u>\$ 12,577,582</u>	<u>\$ 1,147,624</u>	<u>\$ 227,332</u>

**Town of Argyle, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2017**

	General Fund	General Debt Service Fund	Capital Projects Fund	Street Maintenance Fund	Roadway Impact Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,547,034	\$ 201,497	\$ 808,501	\$ 406,344	\$ 897,966	\$ 299,913	\$ 5,161,255
Receivables (net of allowance for uncollectibles)							
Property taxes	66,402	17,202	-	-	-	-	83,603
Franchise taxes	90,493	-	-	-	-	-	90,493
Sales taxes	110,756	-	-	27,689	-	-	138,446
Due from other funds	-	-	-	-	-	-	-
Other	131,266	-	-	-	-	-	131,266
Total assets	<u>2,945,951</u>	<u>218,699</u>	<u>808,501</u>	<u>434,033</u>	<u>897,966</u>	<u>299,913</u>	<u>5,605,064</u>
<b>LIABILITIES</b>							
Accounts payable	139,747	-	3,980	780	-	1,297	145,804
Accrued and other payables	37,526	-	-	-	-	-	37,526
Unearned revenues	205,791	15,420	-	-	-	-	221,211
Escrow	141,374	-	-	-	-	-	141,374
Total liabilities	<u>524,437</u>	<u>15,420</u>	<u>3,980</u>	<u>780</u>	<u>-</u>	<u>1,297</u>	<u>545,915</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable:	-	-	-	-	-	-	-
Restricted for:							
Debt service	-	203,279	-	-	-	-	203,279
Street Maintenance	-	-	-	433,253	-	-	433,253
Capital projects funds	-	-	804,521	-	897,966	-	1,702,487
Other purposes	-	-	-	-	-	-	-
Committed to:							
Assigned to:							
Police	-	-	-	-	-	30,292	30,292
Municipal court	-	-	-	-	-	42,389	42,389
Community projects	-	-	-	-	-	94,978	94,978
Equipment replacement	-	-	-	-	-	95,747	95,747
Building maintenance	-	-	-	-	-	35,211	35,211
Unassigned	2,421,514	-	-	-	-	-	2,421,514
Total fund balances	<u>2,421,514</u>	<u>203,279</u>	<u>804,521</u>	<u>433,253</u>	<u>897,966</u>	<u>298,616</u>	<u>5,059,149</u>
Total liabilities and fund balances	<u>\$ 2,945,951</u>	<u>\$ 218,699</u>	<u>\$ 808,501</u>	<u>\$ 434,033</u>	<u>\$ 897,966</u>	<u>\$ 299,913</u>	<u>\$ 5,605,064</u>

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

The accompanying notes 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, 2017**

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

Fund balance - total governmental funds		5,059,149
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,489,315
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	(4,848,000)
	Deferred Charges	13,000
	Net Pension Liability	(676,736)
	Accrued Interest	(21,013)
		(5,532,749)
Other long-term liabilities are not recognized as current period revenues and, therefore, are deferred in the funds.		
	Deferred Outflow & Inflow	242,018
	Unearned Revenue	205,791
	Compensated Absences	(175,338)
		272,471
Net position of governmental activities		\$ 10,288,186

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, 2017**

	General Fund	General Debt Service Fund	Capital Projects Fund	Street Maintenance Fund	Roadway Impact Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes:							
Property	\$ 1,693,436	\$ 517,556	\$ -	\$ -	\$ -	\$ -	\$ 2,210,993
Sales	625,749	-	-	154,159	-	-	779,909
Franchise	387,457	-	-	-	-	-	387,457
Building permits and fees	420,272	-	-	-	-	-	420,272
Park development fees	-	-	-	-	-	35,924	35,924
Municipal court fines	293,789	-	-	-	-	16,124	309,913
Roadway impact fees	-	-	-	-	173,809	-	173,809
Contributions	-	-	-	-	-	1,593	1,593
Intergovernmental	-	-	-	-	-	-	-
Interest	24,864	2,360	4,111	3,104	7,000	4,090	45,528
Intragovernmental	-	-	-	-	-	-	-
Miscellaneous	3,225	-	291	-	-	28,833	32,349
Total revenues	<u>3,448,792</u>	<u>519,916</u>	<u>4,402</u>	<u>157,263</u>	<u>180,808</u>	<u>86,565</u>	<u>4,397,746</u>
<b>EXPENDITURES</b>							
Current:							
General government	705,221	-	-	-	-	16,917	722,138
Public safety	1,046,973	-	-	-	-	4,087	1,051,060
Municipal court	79,775	-	-	-	-	10,259	90,034
Public works	628,053	-	222,168	15,857	-	-	866,077
Development services	339,088	-	-	-	-	-	339,088
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	285,000	-	-	-	-	285,000
Interest	-	185,994	-	-	-	-	185,994
Paying agent fees	-	4,011	-	-	-	-	4,011
Total expenditures	<u>2,799,110</u>	<u>475,005</u>	<u>222,168</u>	<u>15,857</u>	<u>-</u>	<u>31,263</u>	<u>3,543,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>649,682</u>	<u>44,911</u>	<u>(217,766)</u>	<u>141,407</u>	<u>180,808</u>	<u>55,302</u>	<u>854,345</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in (out)	(485,938)	-	775,000	(10,000)	-	(230,000)	49,062
Bond proceeds	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-
Total other financing sources and uses	<u>(485,938)</u>	<u>-</u>	<u>775,000</u>	<u>(10,000)</u>	<u>-</u>	<u>(230,000)</u>	<u>49,062</u>
Net change in fund balances	163,744	44,911	557,234	131,407	180,808	(174,698)	903,407
Fund balances - beginning	2,257,770	158,368	247,287	301,846	717,157	473,314	4,155,742
Fund balances - ending	<u>\$ 2,421,514</u>	<u>\$ 203,279</u>	<u>\$ 804,521</u>	<u>\$ 433,253</u>	<u>\$ 897,966</u>	<u>\$ 298,616</u>	<u>\$ 5,059,149</u>

The accompanying notes 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, 2017**

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

Net change in fund balances - total governmental funds	\$	903,407
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.		(142,151)
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.		285,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,982)
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.		7,963
Change in net position of governmental activities	<u>\$</u>	<u>1,050,237</u>

The accompanying notes are an integral part of this statement

**Town of Argyle, Texas  
Statement of Net Position  
Proprietary Funds  
September 30, 2017**

	<b>Wastewater Utility Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 575,272
Receivables (net of allowance for uncollectibles)	51,106
Total current assets	626,377
Noncurrent assets:	
Restricted cash and cash equivalents	395,395
Capital assets (net of accumulated depreciation):	
Equipment & Vehicles	3,113
Intangibles	-
Construction in progress	712,717
Wastewater system	1,765,982
Total capital assets (net of accumulated depreciation)	2,481,813
Total noncurrent assets	2,877,208
Total assets	3,503,585
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	-
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	10,802
Accrued interest payable	22,545
Due to other funds	-
Note payable current	108,147
Total current liabilities	141,494
Noncurrent liabilities:	
Note payable non-current	1,072,695
Accrued and other payables	-
Total noncurrent liabilities	1,072,695
Total liabilities	1,214,189
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
	-
 <b>NET POSITION</b>	
Net investment in capital assets	1,415,460
Restricted for capital improvements	395,395
Unrestricted	478,541
Total net position	\$ 2,289,396

The accompanying notes 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, 2017**

	<b>Wastewater Utility Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for sales and services:	
Wastewater	\$ 385,883
Planning, zoning and review	15,314
Miscellaneous	20,943
Total operating revenues	422,141
<b>OPERATING EXPENSES:</b>	
Costs of sales and services:	
Salaries and benefits	-
Treatment fees	202,928
Supplies and maintenance	12,125
Lift station utilities	8,341
Contractual services	20,475
Administration and other operating expenses	1,582
Depreciation	79,366
Total operating expenses	324,818
Operating income (loss)	97,323
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Impact fees	92,374
Interest income	7,993
Interest on long term debt	(59,031)
Loss on sale of asset	-
Capital contribution	-
Transfers in/(out)	23,833
Total nonoperating revenue (expenses)	65,169
Income before transfers	162,492
Change in net position	162,492
Total net position - beginning	2,126,904
Total net position - ending	\$ 2,289,396

The accompanying notes are an integral part of this statement.

**Town of Argyle, Texas  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2017**

	<b>Wastewater Utility Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 416,679
Cash payments to suppliers for goods and services	(272,870)
Cash payments to employees and professional contractors for services	-
Net cash provided from operating activities	143,809
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on note	(105,556)
Capital contributions from impact fees	92,374
Acquisition and construction	(4,546)
Interest paid on note	(59,927)
Transfers from other funds	23,833
Net cash provided (used) by capital and related financing activities	(53,822)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	7,993
Net cash provided by investing activities	7,993
Net increase (decrease) in cash and cash equivalents	97,980
Cash and cash equivalents, October 1, 2016	872,687
Cash and cash equivalents, September 30, 2017	\$ 970,667
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 97,323
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	79,366
(Increase) decrease in accounts receivable	(5,461)
(Increase) decrease in deferred outflow of resources	15,766
Increase (decrease) in salaries & benefits payable	-
Increase (decrease) in accounts payable	(3,585)
Increase (decrease) in other liabilities	(34,146)
Increase (decrease) in deferred inflow of resources	(5,453)
Net cash provided (used) by operating activities	\$ 143,809

The accompanying notes are an integral part of this statement.

**TOWN OF ARGYLE, TEXAS  
SEPTEMBER 30, 2017  
NOTES TO THE FINANCIAL STATEMENTS**

**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.

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 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 discretely presented component units of the Town. The component units do not issue separate financial statements.

The Town's first public improvement district was created in April, 2016. Bonds for The Highlands 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.

The Town currently has no blended component units.

The financial statements include government-wide statements prepared on an accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Combining statements for the non-major governmental funds are included in the supplementary section of this report.

The Town capitalizes and depreciates all infrastructure assets (streets, bridges, traffic signals, etc.) on a prospective basis effective October 1, 2003.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

## **2. Fund Accounting**

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

### **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.

#### **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, Building Maintenance Fund, and Senior Citizens Organization 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.

### **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.

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.

## **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 un-collectible 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.

### **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, 2017 is \$13,000.

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.

#### **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.

## **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, 2017, the Town's carrying amount of demand deposits was \$6,677,439 while the bank balance also showed \$6,781,433 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 \$503,749 for the Economic Development Corporation and \$205,797 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, 2017, and thus had no cash deposits that were exposed to custodial credit risk.

## Investments

The Town also had \$747,746 in the Texas Local Government Investment Pool (Texpool) as follows:

	9/30/17 Reported amount, fair/market value
<i>Public funds investment pools</i>	
TexPool General fund	\$ 95,139
TexPool Roadway Cap. Improv.	408
TexPool WW Operating	60,844
TexPool EDC fund	591,355
<i>Total public funds investment pools</i>	<u>\$ 747,746</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 \$7,425,186 on the statement of net position at September 30, 2017, includes an additional \$400 cash on-hand. Of this amount, \$6,246,315 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, 2017, 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, 2017, the Town was not exposed to foreign currency risk.

**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:

<u>Governmental Activities</u>	Governmental Funds				Proprietary	Component Units	
	General Fund	Debt Service	Street Maint.	Total	Fund	EDC Fund	CCPD Fund
		Fund	Sales Tax Fund		Wastewater Fund		
<b>Receivables:</b>							
Property tax	\$ 66,402	\$ 17,202	\$ -	\$ 83,603	\$ -	\$ -	\$ -
Sales tax	110,756	-	27,689	138,446	-	55,378	27,094
Franchise fees	90,493	-	-	90,493	-	-	-
Municipal Court warrants	232,908	-	-	232,908	-	-	-
Customer accounts	-	-	-	-	51,106	-	-
Miscellaneous	15,358	-	-	15,358	-	-	-
<b>Gross Receivables</b>	<b>515,917</b>	<b>17,202</b>	<b>27,689</b>	<b>560,808</b>	<b>51,106</b>	<b>55,378</b>	<b>27,094</b>
<b>Less: Allowance for uncollectibles</b>	<b>(117,000)</b>	<b>-</b>	<b>-</b>	<b>(117,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net total receivables</b>	<b>\$ 398,917</b>	<b>\$ 17,202</b>	<b>\$ 27,689</b>	<b>\$ 443,808</b>	<b>\$ 51,106</b>	<b>\$ 55,378</b>	<b>\$ 27,094</b>

**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 \$75,834.

**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, 2017, 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, 2017.

**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 items this year were infrastructure in The Oaks Ph. II which was converted to a fixed asset upon the expiration of the maintenance bonds. Additionally, the Town began construction on the park project. There were normal police and public work vehicle replacements. The

following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2017:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 224,206	\$ -	\$ -	\$ 224,206
Construction in progress	1,362,827	231,842	(439,079)	1,155,591
Total capital assets not being depreciated	<u>1,587,033</u>	<u>231,842</u>	<u>(439,079)</u>	<u>1,379,797</u>
Capital assets being depreciated:				
Vehicles & equipment	985,266	115,038	(53,073)	1,047,232
Infrastructure	8,707,238	439,079	-	9,146,317
Intangibles	669,246	25,000	-	694,246
Buildings and improvements	1,994,185	-	-	1,994,185
Totals, capital assets being depreciated	<u>12,355,935</u>	<u>579,117</u>	<u>(53,073)</u>	<u>12,881,980</u>
Less accumulated depreciation for:				
Vehicles & equipment	(664,313)	(92,792)	50,858	(706,246)
Infrastructure	(1,237,123)	(224,049)	-	(1,461,172)
Intangibles	(466,759)	(66,936)	-	(533,695)
Buildings and improvements	(943,308)	(128,040)	-	(1,071,348)
Total accumulated depreciation	<u>(3,311,503)</u>	<u>(511,817)</u>	<u>50,858</u>	<u>(3,772,462)</u>
Total capital assets being depreciated, net	<u>9,044,432</u>	<u>67,300</u>	<u>(2,214)</u>	<u>9,109,518</u>
<b>Total governmental activities, net</b>	<u>\$ 10,631,466</u>	<u>\$ 299,142</u>	<u>\$ (441,293)</u>	<u>\$ 10,489,315</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:

<b>Governmental activities:</b>	
General government	\$ 192,083
Public safety	67,594
Public works	252,140
<b>Total depreciation expense - governmental activities</b>	<u>\$ 511,817</u>

## NOTE H - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

There was minimal capital spending in the proprietary funds in FY17. Maintenance bonds for The Oaks Phase II sewer lines expired and were converted to a fixed asset. The following is a summary of the property, plant and equipment of the enterprise funds at September 30, 2017:

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:	854,950	13,996	(156,229)	712,717
Capital assets, being depreciated:				
Vehicles	37,629	-	(24,389)	13,240
Equipment	106,374	-	-	106,374
Intangibles	55,638	-	-	55,638
Graveyard branch collection system	687,518	-	-	687,518
Wastewater collection system	2,395,318	146,779	-	2,542,097
Total capital assets being depreciated	<u>3,282,478</u>	<u>146,779</u>	<u>(24,389)</u>	<u>3,404,868</u>
Less: accumulated depreciation for:				
Vehicles	(37,188)	(441)	24,389	(13,240)
Equipment	(102,528)	(733)	-	(103,261)
Graveyard branch collection system	(261,735)	(17,145)	-	(278,880)
Intangibles	(55,638)	-	-	(55,638)
Wastewater collection system	(1,123,706)	(61,046)	-	(1,184,752)
Total accumulated depreciation	<u>(1,580,795)</u>	<u>(79,365)</u>	<u>24,389</u>	<u>(1,635,771)</u>
Total capital assets being depreciated, net	<u>1,701,682</u>	<u>67,414</u>	<u>-</u>	<u>1,769,096</u>
<b>Total business-type activities, net</b>	<u>\$ 2,556,632</u>	<u>\$ 81,410</u>	<u>\$ (156,229)</u>	<u>\$ 2,481,813</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, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Series 2008 C.O. - Town Hall purchase	\$ 800,000	\$ -	\$ (45,000)	\$ 755,000	\$ 167,000
Series 2009 C.O. - renovation	655,000	-	(30,000)	625,000	35,000
Series 2010 C.O. - street improvement	3,260,000	-	(155,000)	3,105,000	165,000
Series 2014 G.O. - Refunding Bonds	418,000	-	(55,000)	363,000	59,000
Total Bonded Indebtedness	<u>5,133,000</u>	<u>-</u>	<u>(285,000)</u>	<u>4,848,000</u>	<u>426,000</u>
Compensated absences	135,110	40,228	-	175,338	44,734
Total Other Obligations	<u>135,110</u>	<u>40,228</u>	<u>-</u>	<u>175,338</u>	<u>44,734</u>
<b>Total Governmental Obligations</b>	<u><u>5,268,110</u></u>	<u><u>40,228</u></u>	<u><u>(285,000)</u></u>	<u><u>5,023,338</u></u>	<u><u>470,734</u></u>
<b>Business-type activities:</b>					
<b>Wastewater fund</b>					
Notes Payable - City of Denton	226,398	-	(45,556)	180,842	48,147
Series 2008 C.O. - 1st phase TRA	440,000	-	(25,000)	415,000	25,000
Series 2009 C.O. - 2nd phase TRA	620,000	-	(35,000)	585,000	35,000
<b>Total Business-type Obligations</b>	<u><u>\$ 1,286,398</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (105,556)</u></u>	<u><u>\$ 1,180,842</u></u>	<u><u>\$ 108,147</u></u>

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, 2017.

### 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, 2017, the principal balance was \$755,000. 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, 2017, the principal balance was \$625,000. 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, 2017, the principal balance was \$3,105,000.

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, 2017, the principal balance of the 2014 series obligations was \$363,000. 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, 2017 are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 426,000	\$ 166,799	\$ 592,799
2019	313,000	167,643	480,643
2020	331,000	152,993	483,993
2021	340,000	146,613	486,613
2022	358,000	135,054	493,054
2023 - 2027	1,772,000	476,560	2,248,560
2028 - 2031	1,308,000	110,050	1,418,050
<b>Total</b>	<b>\$ 4,848,000</b>	<b>\$ 1,355,711</b>	<b>\$ 6,203,711</b>

The Town was upgraded from a bond rating of A+ to AA with stable outlook in March 2014 by Standard & Poor's. This upgrade was predicated on fiscal years 2010, 2011, and 2012. It 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 accrue two weeks of vacation leave after one year of service. Town employees accumulate sick leave at the rate of one day per month with no maximum accumulation. The accrual of compensated absences for governmental activities at September 30, 2017 is \$175,338.

**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. In February 2001, the Town entered into a Sub-divider's Agreement with Wynn/Jackson Lakes Development, L.P. ("Developer") pursuant to which the Developer has agreed to pay into a wastewater escrow account the amount of \$21,397 on a quarterly basis, less any wastewater impact fees collected by the Town from applicants for wastewater service within the Developer's project. The Developer's obligation will terminate at such time as the Developer or applicants for wastewater service have paid \$561,676 into the escrow account. These guaranteed quarterly payments by the Developer will service the semi-annual note payments to the City of Denton described above. The remaining principal balance of Notes Payable – City of Denton at September 30, 2017 is \$180,842.

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, 2017 is \$415,000.

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, 2017 is \$585,000.

The following is a summary of the Town's Enterprise Fund long-term future debt service for the fiscal year ended September 30, 2017:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 108,147	\$ 54,548	\$ 162,696
2019	110,886	45,340	156,227
2020	123,781	43,108	166,889
2021	98,027	36,799	134,826
2022	75,000	32,644	107,644
2023 - 2027	445,000	105,150	550,150
2028 - 2029	220,000	10,225	230,225
<b>Total</b>	<u>\$ 1,180,842</u>	<u>\$ 327,814</u>	<u>\$ 1,508,655</u>

**NOTE J – RESTRICTED ASSETS**

The balance of the restricted cash account in the Roadway Impact Fees Fund is:  
Demand deposits of \$897,966.

The balances of the restricted cash accounts in the Wastewater enterprise fund are as follows:  
Demand deposits of \$280,905.

**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.

**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 & Omissions liability
Law enforcement liability	Crime Coverage
Automobile liability	Automobile physical damage
Worker’s Compensation	Real & 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.

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Interfund transfers between the primary government's funds consisted of:

<b>Primary Government</b>	<b>Transfers To Funds</b>	<b>Transfers From Funds</b>
<b>100 General Fund</b>		
Economic Development Fund	-	28,000
Street Maint. Sales Tax Fund	-	10,000
Crime Control Prevention Fund	-	44,895
Capital Improvement Fund	500,000	-
Equipment Replacement Fund	20,000	-
Building Maintenance Fund	25,000	-
Wastewater Utility Fund	23,833	-
<b>210 Economic Development Fund</b>		
General Fund	28,000	-
<b>220 Crime Control Prevention Fund</b>		
General Fund	44,895	-
<b>230 Street Maint. Sales Tax Fund</b>		
General Fund	10,000	-
<b>235 Building Maintenance Fund</b>		
Capital Improvement Fund	-	25,000
<b>255 Parkland Dedication Fund</b>		
Capital Improvement Fund	275,000	-
<b>310 Capital Improvement Fund</b>		
General Fund	-	500,000
Parkland Dedication Fund	-	275,000
<b>330 Equipment Replacement Fund</b>		
General Fund	-	20,000
<b>710 Wastewater Utility Fund</b>		
Wastewater CIP Fund	-	120,612
General Fund	-	23,833
<b>720 Wastewater CIP Fund</b>		
Wastewater Operating Fund	120,612	-
<b>Total</b>	1,047,340	1,047,340

There were no Interfund receivables or payables at September 30, 2017.

## **NOTE N – EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN**

### **Plan Description**

The Town participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit 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 (CARF) that can be obtained at [www.TMRS.com](http://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 2017</u>
Employee deposit rate	7.0%
Matching ratio (Town to employee)	2 to 1
Years required for vesting	5
Retirement eligibility (Age/Service)	60/5, 0/25
Updated Service Credit	100% Repeating Transfers
Annuity to Increase (retirees)	0% of CPI
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

At December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2016</u>
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	21
Active employees	22
Total	<u>58</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 rate for the Town was 14.99% in both calendar years 2016 and 2017. The Town’s contributions to TMRS for the year ended September 30, 2017 were \$227,158, and

were equal to the required contributions.

The Town made a \$100,000 contribution to the unfunded liability at the end of FY 2016. The benefit of this additional payment is reflected in the pension analysis for the Town as of December, 2016 and results in a reduction of the net pension liability as compared to 12/31/15.

### **Net Pension Liability**

The Town's Net Pension Liability (NPL) was measured as of December 31, 2016 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, 2016 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

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 Table, 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.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
<b>Total</b>	<b>100%</b>	

### *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.

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### ***Changes in the Net Pension Liability***

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

	<b>Changes in the Net Pension Liability</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Pension (b)</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
Balance at 12/31/2015	\$ 4,214,890	\$3,441,644	\$ 773,246
Changes for the year:			
Service Cost	256,946	----	256,946
Interest	290,933	----	290,933
Change of benefit terms			
Difference between expected and actual experience	(5,180)	----	(5,180)
Change of assumptions			
Contributions - employer	----	310,701	(310,701)
Contributions - employee	----	98,393	(98,393)
Net investment income	----	232,884	(232,884)
Benefit payments, including refunds of employee contributions	(66,492)	(66,492)	---
Administrative expense	----	(2,627)	2,627
Other changes	----	(142)	142
Net changes	476,207	572,717	(96,510)
<b>Balance at 12/31/2016</b>	<b>\$ 4,691,097</b>	<b>\$4,014,361</b>	<b>\$ 676,736</b>

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:

	<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>		
	<b>1% Decrease (5.75%)</b>	<b>Current Single Rate Assumption (6.75%)</b>	<b>1% Increase (7.75%)</b>
	Town's net pension liability	\$1,435,003	\$676,736

### ***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 may be obtained on the Internet at [www.tmr.com](http://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, 2017, the Town recognized pension expense of \$210,964. And the calculation of the expense is summarized in the following table:

<b>Schedule of Pension Expense</b>	
Total service cost	\$ 256,946
Interest on the total pension liability	290,933
Changes in current period benefits	-
Employee contributions (reduction of expense)	(98,393)
Projected earnings on plan investments (reduction of expense)	(232,311)
Administrative expense	2,627
Other changes in fiduciary net position	142
Recognition of current year outflow (inflow) of resources - liabilities	(1,721)
Recognition of current year outflow (inflow) of resources - assets	(115)
Amortization of prior year outflows (inflows) of resources - liabilities	(57,696)
Amortization of prior year outflows (inflows) of resources - assets	50,552
<b>Total pension expense</b>	<b>\$ 210,964</b>

At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Schedule of Deferred Outflows and Inflows of Resources</b>			
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>	<b>2016 Recognized in Current Pension Expense</b>	<b>Deferred (Inflow)/Outflow in future expense</b>
Differences between expected and actual economic experience	\$ -	\$ (5,180)	\$ (1,721)	\$ (3,459)
Changes in actuarial assumptions	-	-	-	-
Difference between projected and actual investment earnings	(573)	-	(115)	(458)
Contributions subsequent to the measurement date	166,664	-	-	166,664
<b>Total</b>	<b>\$ 166,091</b>	<b>\$ (5,180)</b>	<b>\$ (1,836)</b>	<b>\$ 162,747</b>

\$166,664 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 position liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended</b>	
<b>December 31</b>	<b>Amount</b>
2017	\$ 1,483
2018	44,745
2019	43,290
2020	(113)
2021	-
Thereafter	
<b>Total</b>	<b>\$ 89,405</b>

#### **NOTE O - SUBSEQUENT EVENTS**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 20, 2018, the date the financial statements were available to be issued.



## **Required Supplementary Information**

For the fiscal year ended  
September 30, 2017

**Town of Argyle, Texas**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,627,206	\$ 1,627,206	\$ 1,693,436	\$ 66,230
Sales	460,224	460,224	625,749	165,525
Franchise	370,000	370,000	387,457	17,457
Municipal court fines	255,000	255,000	293,789	38,789
Building permits and fees	362,480	362,480	420,272	57,792
Interest	5,000	5,000	24,864	19,864
Intergovernmental	-	-	-	-
Other Proceeds	4,000	4,000	3,225	(775)
Total revenues	<u>\$ 3,083,910</u>	<u>\$ 3,083,910</u>	<u>\$ 3,448,792</u>	<u>\$ 364,882</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 742,554	\$ 742,554	\$ 705,221	\$ 37,333
Police	1,180,960	1,180,960	1,046,973	133,987
Municipal court	81,258	81,258	79,775	1,483
Street Maintenance	662,152	662,152	628,053	552,907
Community Development	409,427	409,427	339,088	70,340
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>\$ 3,076,351</u>	<u>\$ 3,076,351</u>	<u>\$ 2,799,110</u>	<u>\$ 796,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,559</u>	<u>\$ 7,559</u>	<u>\$ 649,682</u>	<u>\$ 1,160,932</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	\$ (425,807)	\$ (425,807)	\$ (485,938)	\$ (60,131)
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>\$ (425,807)</u>	<u>\$ (425,807)</u>	<u>\$ (485,938)</u>	<u>\$ (60,131)</u>
Net change in fund balances	<u>(418,248)</u>	<u>(418,248)</u>	<u>163,744</u>	<u>\$ 1,100,801</u>
Fund balances - beginning	1,918,668	1,918,668	2,257,770	
Fund balances - ending	<u>\$ 1,500,420</u>	<u>\$ 1,500,420</u>	<u>\$ 2,421,514</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 114,618	\$ 114,618	\$ 154,159	\$ 39,541
Interest	1,000	1,000	3,104	2,104
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>\$ 115,618</u>	<u>\$ 115,618</u>	<u>\$ 157,263</u>	<u>\$ 41,645</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Street Maintenance	145,000	145,000	15,857	129,144
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 15,857</u>	<u>129,144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,382)</u>	<u>\$ (29,382)</u>	<u>\$ 141,407</u>	<u>170,789</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (10,000)	(10,000)
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>(10,000)</u>
Net change in fund balances	<u>\$ (29,382)</u>	<u>\$ (29,382)</u>	<u>\$ 131,407</u>	<u>160,789</u>
Fund balances - beginning	301,846	301,846	301,846	
Fund balances - ending	<u>\$ 272,464</u>	<u>\$ 272,464</u>	<u>\$ 433,253</u>	

**Town of Argyle, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**September 30, 2017**

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

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

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

**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, 2017  
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 & Individual Fund Statements & Schedules**

For the fiscal year ended  
September 30, 2017

**City of Argyle, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2017**

	<b>Special Revenue</b>			
	<b>Court Technology Fund</b>	<b>Court Security Fund</b>	<b>Parkland Dedication Fund</b>	<b>Tree Reforestation Fund</b>
<b>ASSETS</b>				
Current assets	\$ 13,536	\$ 28,853	\$ 42,446	\$ 49,986
Sales tax receivable				
Total assets	13,536	28,853	42,446	49,986
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable:	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned to:				
Police	-	-	-	-
Municipal court	13,536	28,853	-	-
Community projects	-	-	42,446	49,986
Equipment replacement	-	-	-	-
Building Maintenance	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	13,536	28,853	42,446	49,986
Total liabilities and fund balances	<u>\$ 13,536</u>	<u>\$ 28,853</u>	<u>\$ 42,446</u>	<u>\$ 49,986</u>

**City of Argyle, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2017**

Special Revenue			Capital Projects		Total
LEOSE Training Fund	Police Donations Fund	Senior Citizen Organization Fund	Building Maintenance Fund	Equipment Replacement Fund	Nonmajor Governmental Funds
\$ 6,571	\$ 24,902	\$ 2,662	\$ 35,211	\$ 95,747	\$ 299,913
<u>6,571</u>	<u>24,902</u>	<u>2,662</u>	<u>35,211</u>	<u>95,747</u>	<u>299,913</u>
-	1,181	116	-	-	1,297
-	<u>1,181</u>	<u>116</u>	-	-	<u>1,297</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,571	23,721	-	-	-	30,292
-	-	-	-	-	42,389
-	-	2,546	-	-	94,978
-	-	-	-	95,747	95,747
-	-	-	35,211	-	35,211
-	-	-	-	-	-
<u>6,571</u>	<u>23,721</u>	<u>2,546</u>	<u>35,211</u>	<u>95,747</u>	<u>298,616</u>
<u>\$ 6,571</u>	<u>\$ 24,902</u>	<u>\$ 2,662</u>	<u>\$ 35,211</u>	<u>\$ 95,747</u>	<u>\$ 299,913</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**

	<b>Special Revenue</b>			
	<b>Court Technology Fund</b>	<b>Court Security Fund</b>	<b>Parkland Dedication Fund</b>	<b>Tree Reforestation Fund</b>
<b>REVENUES</b>				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Park development fees	-	-	35,924	-
Municipal court fines	9,197	6,927	-	-
Roadway impact fees	-	-	-	-
Contributions	-	-	-	-
Intergovernmental	-	-	-	-
Interest	119	231	1,989	433
Miscellaneous	-	-	-	10
	<u>9,317</u>	<u>7,158</u>	<u>37,913</u>	<u>443</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Municipal court	9,112	1,148	-	-
Total expenditures	<u>9,112</u>	<u>1,148</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>205</u>	<u>6,010</u>	<u>37,913</u>	<u>443</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	-	-	(275,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(275,000)</u>	<u>-</u>
Net change in fund balances	205	6,010	(237,087)	443
Fund balances - beginning	13,331	22,842	279,534	49,542
Fund balances - ending	<u>\$ 13,536</u>	<u>\$ 28,853</u>	<u>\$ 42,446</u>	<u>\$ 49,986</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
LEOSE Training Fund	Police Donations Fund	Senior Citizen Organization Fund	Building Maintenance Fund	Equipment Replacement Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	35,924
-	-	-	-	-	16,124
-	-	1,593	-	-	1,593
-	-	-	-	-	-
59	212	24	304	719	4,090
1,153	8,442	-	-	19,229	28,833
<u>1,211</u>	<u>8,654</u>	<u>1,617</u>	<u>304</u>	<u>19,948</u>	<u>86,565</u>
-	-	1,784	15,132	-	16,917
988	3,099	-	-	-	4,087
-	-	-	-	-	-
-	-	-	-	-	10,259
<u>988</u>	<u>3,099</u>	<u>1,784</u>	<u>15,132</u>	<u>-</u>	<u>31,263</u>
<u>223</u>	<u>5,555</u>	<u>(168)</u>	<u>(14,828)</u>	<u>19,948</u>	<u>55,302</u>
-	-	-	25,000	20,000	(230,000)
-	-	-	25,000	20,000	(230,000)
223	5,555	(168)	10,172	39,948	(174,698)
6,347	18,165	2,714	25,039	55,798	473,314
<u>\$ 6,571</u>	<u>\$ 23,721</u>	<u>\$ 2,546</u>	<u>\$ 35,211</u>	<u>\$ 95,747</u>	<u>\$ 298,616</u>

**Town of Argyle, Texas**  
**Argyle Economic Development Corp. Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 229,237	\$ 229,237	\$ 308,319	\$ 79,082
Interest	2,000	2,000	7,650	5,650
Intergovernmental	-	-	-	-
Miscellaneous	-	-	9,287	9,287
Total revenues	<u>\$ 231,237</u>	<u>\$ 231,237</u>	<u>\$ 325,256</u>	<u>\$ 94,019</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 68,110	\$ 68,110	\$ 79,086	\$ -
Capital projects	100,000	100,000	-	100,000
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>\$ 168,110</u>	<u>\$ 168,110</u>	<u>\$ 79,086</u>	<u>\$ 100,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 63,127</u>	<u>\$ 63,127</u>	<u>\$ 246,170</u>	<u>\$ 194,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	\$ (28,000)	\$ (28,000)	\$ (28,000)	\$ -
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>\$ (28,000)</u>	<u>\$ (28,000)</u>	<u>\$ (28,000)</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 35,127</u>	<u>\$ 35,127</u>	<u>\$ 218,170</u>	<u>\$ 194,019</u>
Fund balances - beginning	929,454	929,454	929,454	
Fund balances - ending	<u>\$ 964,581</u>	<u>\$ 964,581</u>	<u>\$ 1,147,624</u>	

**Town of Argyle, Texas**  
**Crime Control Prevention District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 114,618	\$ 114,618	\$ 150,089	\$ 35,471
Interest	1,000	1,000	1,706	706
Intergovernmental	-	-	-	-
Miscellaneous	-	-	575	575
Total revenues	<u>115,618</u>	<u>115,618</u>	<u>152,370</u>	<u>36,752</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	142,962	142,962	59,011	-
General Government	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>142,962</u>	<u>142,962</u>	<u>59,011</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,344)</u>	<u>(27,344)</u>	<u>93,359</u>	<u>36,752</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(44,895)	(44,895)
Sale of assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(44,895)</u>	<u>(44,895)</u>
Net change in fund balances	<u>(27,344)</u>	<u>(27,344)</u>	<u>48,464</u>	<u>(8,143)</u>
Fund balances - beginning	173,459	173,459	178,868	
Fund balances - ending	<u>\$ 146,115</u>	<u>\$ 146,115</u>	<u>\$ 227,332</u>	

## **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, 2017, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated March 20, 2018.

### **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.

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

Richardson, Texas  
March 20, 2018



## **Statistical Section**

For the fiscal year ended  
September 30, 2017

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

B-1

	2011	2012	2013	Fiscal Year 2014	2015	2016	2017
<b>Governmental activities</b>							
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
Restricted	2,323,337	2,157,445	2,083,447	1,435,797	1,530,126	1,897,972	2,637,635
Unrestricted	128,658	137,753	544,279	1,671,466	1,390,017	1,827,510	1,996,236
<b>Total governmental activities net assets</b>	<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>
<b>Business-type activities</b>							
Net investment in capital position	\$ 489,982	\$ 262,016	\$ 265,738	\$ 373,181	\$ 302,909	\$ 1,502,777	\$ 1,415,460
Restricted	93,274	356,510	387,143	510,257	435,256	402,828	395,395
Unrestricted	245,786	145,228	149,467	12,528	75,507	221,298	478,541
<b>Total business-type activities net assets</b>	<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>
<b>Primary government</b>							
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
Restricted	2,416,611	2,513,955	2,470,590	1,946,055	1,965,382	2,300,800	3,033,030
Unrestricted	374,444	282,981	693,746	1,682,994	1,465,523	2,048,809	2,474,777
<b>Total primary government net assets</b>	<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>

Source: Statement Net Position

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

B-2

Expenses	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
Governmental activities:							
General Government	\$ 794,294	\$ 978,269	\$ 754,240	\$ 800,749	\$ 815,471	\$ 991,022	\$ 881,297
Public Safety	1,003,364	958,537	977,878	934,970	1,036,907	859,878	1,084,847
Municipal Court	136,692	149,083	168,701	125,067	138,908	88,206	90,276
Public Works	551,604	478,195	546,050	519,611	664,592	704,603	868,327
Development Services	188,510	240,333	260,348	291,735	328,032	275,464	338,244
Interest on Long Term Debt	228,495	228,794	226,347	216,600	201,061	192,831	185,099
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>
Business-type activities:							
Wastewater utility	348,440	388,921	372,228	463,095	484,468	512,434	383,849
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>
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>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General Government	\$ 755	\$ 8,877	\$ 9,560	9,027	9,593	26,827	2,562
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
Public Works	43,057	91,606	107,550	158,526	96,989	100,503	173,809
Development Services	192,009	237,805	284,534	313,151	366,651	307,832	420,272
Operating grants and contributions	20,845	102,271	25,807	57,909	55,032	60,187	45,959
Capital grants and contributions	14,132	18,322	1,350	11,808	2,878	1,772,418	-
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>
Business-type activities:							
Charges for services:							
Wastewater utility	275,991	287,711	307,798	351,202	361,970	404,028	422,141
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	34,250	19,623	87,306	221,490	48,018	1,103,911	92,374
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>
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>\$ 1,181,969</u>	<u>\$ 4,065,719</u>	<u>\$ 1,467,692</u>
<b>Net (Expense) Revenue</b>							
Governmental Activities	\$ (2,326,423)	\$ (2,330,775)	\$ (2,218,341)	(2,202,905)	(2,412,992)	(554,224)	(2,494,913)
Business-type Activities	(38,199)	(81,587)	22,876	109,597	(74,479)	995,505	130,666
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>
<b>General Revenues and Other Changes in Net Position</b>							
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
Sales Taxes	364,670	357,641	391,252	461,162	498,650	620,659	779,909
Franchise Taxes	337,114	329,781	336,248	368,632	388,363	375,826	387,457
Interest	108,867	74,933	76,595	40,626	23,370	26,199	46,681
Intergovernmental	-	-	-	-	-	-	-
Miscellaneous	38,517	25,893	67,974	7,409	457	49,172	29,329
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>
Business-type Activities:							
Interest Earnings	17,387	16,298	15,719	8,424	4,782	5,197	7,993
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>
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>
<b>Change in Net Position</b>							
Governmental Activities	\$ 152,260	\$ 205,579	\$ 342,018	\$ 383,809	\$ 365,105	\$ 2,625,554	\$ 1,074,071
Business-type Activities	(20,812)	(65,289)	38,595	118,021	(53,827)	1,055,561	138,659
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>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Unassigned	\$ 364,528	\$ 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
Reserved for other *	-	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 364,528</u>	<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>
All Other Governmental Funds										
Restricted for:										
Capital Projects	\$ 351,113	\$ 175,565	\$ 208,604	\$ 1,469,423	\$ 1,196,647	\$ 947,574	\$ 166,424	\$ 147,433	\$ 247,287	\$ 804,521
Debt Service	185,448	188,822	164,250	130,797	142,431	124,106	122,312	126,536	158,368	203,279
Street Maintenance	132,930	199,888	274,971	298,011	303,016	305,662	261,292	266,958	301,846	433,253
Capital funds	56,093	79,315	94,917	140,502	235,915	349,532	512,535	612,663	717,157	897,966
Assigned to:										
Equipment replacement	31,689	26,565	8,636	8,837	31,510	74,911	59,666	34,242	55,798	95,747
Unassigned, reported in:										
Special revenue funds	257,502	279,327	254,986	275,767	247,926	281,662	313,568	342,295	417,516	202,870
Total all other governmental funds	<u>\$ 1,014,775</u>	<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>
Total fund balances	<u>\$ 1,379,303</u>	<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>

\*Includes prepaid items, inventory and encumbrances

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES:</b>										
General Property Taxes	1,375,189	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
Sales Tax	335,361	309,492	336,952	364,670	357,641	391,252	461,162	498,650	620,659	779,909
Franchise Tax	305,412	308,422	322,630	337,114	329,781	336,248	368,632	388,363	375,826	387,457
Building permits & fees	233,982	197,639	285,394	192,009	237,805	284,534	313,151	366,651	307,832	420,272
Park development fees	18,000	25	7,535	15,010	8,299	9,133	24,069	33,999	39,502	35,924
Municipal court fines	282,441	318,832	226,440	296,492	241,540	270,421	135,168	239,813	289,463	309,913
Roadway impact fees	31,479	21,053	17,988	43,057	91,606	107,550	158,526	96,989	100,503	173,809
Contributions	-	-	-	-	-	-	-	-	-	1,593
Intergovernmental	12,000	12,000	12,000	15,000	15,000	15,000	-	-	-	-
Interest	51,722	56,499	71,467	108,063	75,280	76,996	39,691	22,206	25,045	45,528
Intragovernmental	-	-	-	1,871	-	-	-	-	-	-
Miscellaneous	482,288	(40,897)	42,332	21,897	147,430	49,062	34,222	38,019	98,389	32,349
<b>Total Revenues</b>	<b>3,127,874</b>	<b>2,694,971</b>	<b>2,925,439</b>	<b>3,029,497</b>	<b>3,265,371</b>	<b>3,196,348</b>	<b>3,244,093</b>	<b>3,516,203</b>	<b>3,935,607</b>	<b>4,397,746</b>
<b>EXPENDITURES:</b>										
General Government	840,552	683,775	661,600	669,725	808,164	588,284	636,686	791,846	862,148	745,971
Public Safety	706,617	808,161	866,448	945,562	950,366	969,916	861,473	1,028,287	952,918	1,051,060
Municipal Court	69,780	76,950	100,071	135,543	148,033	169,281	125,790	95,758	90,757	90,034
Public Works	496,924	455,856	521,343	2,819,746	405,289	417,662	397,652	417,235	597,900	643,910
Development Services	227,864	200,587	177,489	186,443	238,625	242,235	290,471	341,880	278,259	339,088
Capital outlay:										
General Government	56,068	932,759	815,532	-	30,932	-	-	-	-	-
Public Safety	70,273	5,992	14,462	-	-	26,573	39,809	49,321	-	-
Public Works	637,602	49,028	-	-	389,457	182,646	812,642	26,327	-	222,168
Debt Service-										
Principal Retirement	165,000	175,000	190,000	205,000	200,000	220,000	220,000	257,000	281,000	285,000
Interest and Fiscal Charges	54,786	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
<b>Total Expenditures</b>	<b>3,325,466</b>	<b>3,484,657</b>	<b>3,481,233</b>	<b>5,234,379</b>	<b>3,407,576</b>	<b>3,044,843</b>	<b>3,604,819</b>	<b>3,211,539</b>	<b>3,257,449</b>	<b>3,567,235</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(197,592)</b>	<b>(789,686)</b>	<b>(555,794)</b>	<b>(2,204,882)</b>	<b>(142,205)</b>	<b>151,505</b>	<b>(360,726)</b>	<b>304,664</b>	<b>678,158</b>	<b>830,511</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers In (out)	13,000	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	3,205	-	-	23,030	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	531,000	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(510,000)	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	(21,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>16,205</b>	<b>1,023,000</b>	<b>877,000</b>	<b>3,687,501</b>	<b>-</b>	<b>23,000</b>	<b>28,300</b>	<b>28,300</b>	<b>28,300</b>	<b>72,895</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(181,387)</b>	<b>233,314</b>	<b>321,206</b>	<b>1,482,619</b>	<b>(142,205)</b>	<b>174,505</b>	<b>(332,426)</b>	<b>332,964</b>	<b>706,458</b>	<b>903,407</b>
Debt service as a percentage of noncapital expenditures	8.2%	7.9%	9.3%	9.1%	14.5%	15.7%	15.8%	14.5%	14.6%	14.2%

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

C-1

Fiscal Year Ended Sept. 30,	Estimated Market Value		Less:	Total Taxable	Total
	Real Property	Personal Property	Tax-Exempt Property	Assesed Value	Direct Tax Rate
2008	551,001,326	14,110,326	\$ (175,427,586)	\$ 389,684,066	0.38500
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

Source: Town Finance Department

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

C-2

Fiscal Year	Town Direct Rates			Overlapping Rates			Total Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Argyle Independent School District	Denton County	Argyle Emergency Services District	
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

**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 Ten 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

**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	2017		2010	
	Rank	Taxable Value	Rank	Taxable Value
Waterbrook Commercial Investors	1	\$ 14,171,280		
US Trinity Holdings, LLC	2	\$ 3,599,216		
Argyle 5T Ranch, LLC	3	\$ 3,367,589		
The Lakes of Argyle, LLC	4	\$ 3,277,879		
Professional Depot LTD	5	\$ 3,030,606	1	\$ 2,961,440
Fern Hill Village Apartments	6	\$ 2,900,000	3	\$ 2,392,775
AT&T Mobility, LLC	7	\$ 2,597,730		
Hillwood O & G Operating Co., LP	8	\$ 2,516,713	9	\$ 1,632,267
Sheldon, Keith	9	\$ 1,941,148		
MCR Landau, LLC	10	\$ 1,934,935		
Total		<u>\$39,337,096</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	5.0	5.0	5.5	6.0	6.0	6.0	6.0	5.0	6.0	5.5
Development Services	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	3.0
Public Safety	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.5	11
Public Works	4.25	4.25	4.75	5.25	5.25	5.25	5.5	5.5	4.5	4.5
Wastewater	1.75	1.75	1.75	1.75	1.75	1.75	1.5	1.5	2.5	1.5
Total	21.0	22.0	23.0	24.0	24.0	24.0	24.0	23.0	23.5	25.5

Source: Town Budget Office